The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan Develops World's Most Powerful Military Base in Manchukuo

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The Growth of Anti-Nanking Radicalism in America

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Manchukuo—The World's Greatest Military Base . . . . By Aurelius

The Truth About Sino-Japanese Relations . By C. Y. W. Meng

Dr. Wang Chung-hui's Mission to Japan . . By Paul K. Whang

SATURDAY, MARCH 9, 1935 VOLUME 72, NUMBER 2

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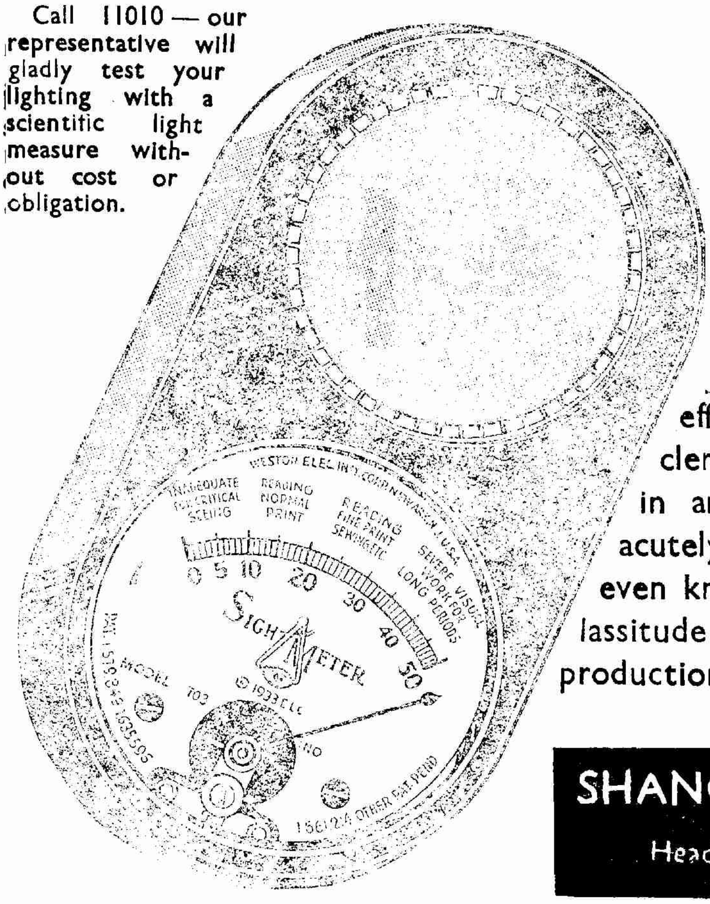
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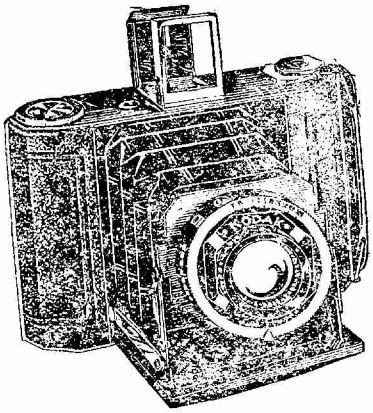

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Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of SARKIS LEON SAHAKIAN, deceased to present the same with vouchers to the undersigned on or before August 16, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

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Demand buying rate on America:	U.S.$1.00=Sh. $ 2.58
Demand selling rate on London:	£1.0.0=Sh. $12.50
Demand buying rate on London:	£1.0.0=Sh. $12.34

Latest New York Stock Exchange Quotations

March 6, 1935

Business Done:
Total Volume:- 900,000 Shares

1933-35 High	Low	Div. $ per sh.	STOCKS	Last Sale Mar. 4	Mar. 5
33	11⅛	1.20	Alaska Juneau	17	16⅛
26⅝	6	—	Allis Chalmers	16	15⅜
121⅜	49⅛	4.00	American Can	116¾	114¼
89⅞	13	—	Amer. Comml. Alcohol	26⅝	25⅞
22⅛	3¼	0.40	Amer. Cyanamid "B"	16¾	16⅛
19⅝	2¾	—	American & For. Power	2¾	2⅝
39⅛	5⅞	—	American Locomotive	12	11¼
19	4⅝	—	American Radiator	12	11⅛
53⅛	10¾	—	American Smelting	35⅛	34
74	21½	2.00	Amer. Sugar Refining	68⅛	67¼
134¾	86⅛	9.00	American Tel. & Tel.	105¾	105
94¾	50¾	5.00	American Tobacco "B"	81¼	79⅛
43¼	10⅛	1.00	American Waterworks	10⅛	9¾
22⅞	5	—	Anaconda Copper	9¾	9½
35¼	12⅝	1.00	Atlantic Refining	23¼	22¾
34¼	16⅞	—	Auburn	22	19⅛
37⅞	8¼	—	Baltimore & Ohio	9⅞	9⅛
28⅞	6⅛	—	Bendix Aviation	14⅛	13⅝
49⅛	10⅜	—	Bethlehem Steel	27⅛	25¼
11	6¾	—	Boeing Airplane Co.,	7⅝	7
37½	18	1.60	Borden Ko.	25	24⅝
38⅛	5⅛	1.00	Borg Warner	32⅝	31⅛
20⅞	7⅛	—	Canadian Pacific Railway	10⅞	10¼
108⅛	30⅛	—	Case, J. I.	56	52⅝
48⅞	5⅛	1.00	Caterpillar Tr-	42⅛	40⅝
40¾	15⅞	1.40	Chase National Bank	28¾	28¼
52⅛	14⅞	2.50	Chesapeake Corporation	42¼	40⅝
49¼	24⅝	2.80	Chesapeake & Ohio	41¾	41¼
60⅝	7¾	1.00	Chrysler	36	33¾
28⅛	4⅝	—	Columbia Gas & Electric	4⅞	4⅛
57¼	9	0.60	Coml. Solvents	21	19¾
6⅛	1	—	Commonwealth & Southern (ord.)	1	1
64⅛	16⅝	1.00	Consolidated Gas of N. Y.	17¾	16⅛
23¾	4⅞	1.00	Continental Oil	17¼	17¼
90⅝	45⅝	8.00	Corn Products	64½	62⅜
9⅞	2	—	Coty Inc.	5⅛	5
28¼	10¼	—	Douglas Aircraft	20¾	19¼
103⅞	82⅛	3.25	Du Pont de Nemours	92⅞	90⅛
123	46	4.00	Eastman Kodak	120	119
41⅝	4⅜	—	Electric Bond & Share	4½	4¼
19	8¼	—	Fox Film "A"	10	9⅝
30¼	10⅛	0.60	General Electric	23	22⅛
39⅞	21	1.80	General Foods	34⅞	34½
42	10	1.50	General Motors	29⅝	28⅛
28¾	3¾	1.00	Glidden Co.	26⅛	25⅝
27¾	12	1.20	Gold Dust	17⅝	16¾
47⅛	9¼	—	Goodyear Tire & Rubber	21	19⅛
40	6½	0.25	International Cement	26¼	25⅛
46⅞	18⅛	0.60	International Harvester	39⅛	37¾
29¼	6¾	0.60	International Nickel	28⅛	22¾
21⅝	5⅛	—	International Tel. & Tel.	7⅜	6¾
66⅝	12¼	—	Johns Manville	44⅛	42¾
26	7⅝	0.60	Kennecott	15⅞	15⅝
37¼	8⅛	1.00	Loew's Inc.	35¾	34¼
25¼	10⅝	1.20	Lorillard	20¼	20
35¾	8⅝	—	Montgomery Ward	24¾	23⅞
60⅝	26	2.00	Nat. Biscuit	26⅞	25¾
48	16⅞	1.00	National City Bank	20¾	19⅞
25¾	10½	1.20	Nat- Dairy Prods.	16¾	16¼
33¼	16⅛	0.50	National Distillers	27⅛	26
20⅛	5	0.80	Nat. Power & Lt.	5⅜	5⅛
58¼	15	1.00	Nat. Stell	44	44¼
58⅛	14	—	New York Central	14⅝	13¾
36¼	10⅜	1.00	North American	11¼	10⅛
31⅞	18¼	1.50	Pacific Gas & Electric	13⅝	13¼
43⅝	20¾	3.00	Pacific Lighting	21½	21
6⅞	1¾	—	Packard Motors	4	4
42⅛	18¾	1.00	Pennsylvania Railroad	20¼	19½
20¾	4¾	1.00	Phillips Petroleum	15	14½
57⅛	21¼	2.80	Public Serv. of N.J.	21¼	20⅝
12¼	3	—	Radio Corporation	5	4¾
54¼	26⅛	3.00	Reynolds Tobacco "B"	47⅞	47¼
51¾	12⅛	—	Sears Roebuck	32⅛	32
19⅞	6	0.60	Socony-Vacuum	12⅞	12¾
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50⅛	22¾	1.25	Standard Oil Co. of N. J.	39	37⅞
66¼	45¾	3.80	Sterling Products	64	63⅞
30⅛	10¾	1.00	Texas Corporation	19½	19⅛
9⅝	2⅝	12.½	Transamerica	5⅛	5
51⅞	19¾	1.40	Union Carbide & Carbon	47¼	46
133⅞	61¼	6.00	Union Pacific	93¾	91⅛
15⅛	8⅛	—	United Aircraft (New)	12	11¼
14⅛	1¾	—	United Corporation	2	1¾
25	9⅝	1.00	United Gas Improvement	10	9¾
62½	21½	2.00	Universal Leaf	55¾	53
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67⅛	23⅝	—	U. S. Steel	32¼	30⅝
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密勒氏評論報

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中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper
for transmission with special marks privileges in China.

Volume 72 Shanghai, China, Saturday, March 9, 1935 Number 2

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; HOH CHIH-HSIANG, Asst. Editor; TRYPHON V. KU, Advertising Dept.,; F. K. CHAO, Business Dept.

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C. Y. HSIEH PAUL K. WHANG

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

SHANGHAI ALSO FEELS JAPANESE MILITARY PRESSURE

WHEN the Imperial Japanese navy constructed permanent military barracks and created a fortified area in Chinese territory adjacent to the Hongkew section of Shanghai, shortly following the conclusion of the Sino-Japanese hostilities here in 1932, that constituted definite evidence that Japan intended to make a bid for more political influence in the affairs of the Shanghaa International Settlement. Since the Japanese completed their barracks they have steadily increased their land forces and piled up military equipment to a point where they now have confidence in their ability to either obtain a controlling voice in the Settlement, or failing that, to carve out a section for their exclusive control. The so-called "night maneuvers" which the Japanese military forces stage in the Hongkong section, the western industrial district and in the adjacent Chinese areas are nothing more nor less than the rehearsal of moves which the Japanese commanders regard as necessary for the possible occupation of the city. The incidents in the Hongkew section last summer in which the Japanese military and rowdies flouted the authority of the British police officers in that area indicated Japanese intentions in unmistakable fashion.

Now with the scenery all in position, the Japanese have made their expected bid for more political influence in the International Settlement. The Japanese demands have not been in the form of written petitions to the Municipal Council or Consular Body and so far as we know no official Japanese delegation has called at the Municipal building with verbal demands. But despite this the officials of the Municicipal Council know quite well what the Japanese want and are wondering what they are going to do about it. Also they are wondering how much support might be forthcoming from London and Washington in the event the situation reaches a point where the Japanese may apply military pressure.

Since the Japanese demands have not been put in written form it is impossible to summarize them completely, but according to articles which have appeared in the local Japanese newspapers recently, the Japanese are demanding four members on the

Municipal Council. They also want a voice in the negotiations between the Settlement authorities and the officials of the Municipality of Greater Shanghai over the outside road question. They want a "paid" volunteer force of Japanese in the Hongkew section similar to the Russian volunteer force "on this side of the creek." They want Japanese police officials appointed to all executive posts in the Hongkew section. They want large appropriations for exclusive Japanese education. Finally, they want a large number of Japanese appointed to positions in the various departments of the municipal administration, positions now largely held by British subjects.

These Japanese demands have been accompanied by a virulent anti-British campaign in the local Japanese newspapers, the general sense of which is that the British have ruled Shanghai long enough and the time has arrived for a "new deal." They claim that the Japanese population and investment in Shanghai now exceeds that of the British, that Japanese trade exceeds that of Britain, and, of more potency as arguments go in the Far East, the Japanese point to the fact that their military forces stationed here probably outnumber the combined forces of everybody else. Officially the Japanese claim to have some 1,800 officers and men billeted in their North Szechuen road quarters, but municipal officials shake their heads and admit that the force must be "considerably larger," in fact some observers claim it might be possible for the Japanese to muster at least 5,000 armed men here within a few hours. The Hongkew section of Shanghai in some respects resembles the situation which prevailed at Mukden prior to the Japanese seizure of that city on the night of Sept. 18, 1931, or the situation now prevailing in Peiping and Tientsin and other north China cities which the Japanese are in a position to occupy at any time.

The Japanese in their recent publicity dealing with the Shanghai issue have avoided attacking the Americans. In one article which was reproduced in the *North-China Daily News* on Feb. 28, the Japanese "plan" provided for a "4:3:2" arrangement, otherwise four Japanese, three Americans and two Britons on the Municipal Council. However, they might be willing to compromise on the basis of "3:3:3" as a temporary arrangement. They declared that it was "absolutely no longer necessary for the Japanese or Americans to acquiesce in local British policies, as the British apparently desire to stick to the existing system." In other words the Japanese claim it is no longer necessary for other nations "including Americans and Japanese" to give way before the British.

Recently when the local municipal officials protested against the Japanese "night maneuvers," which have been largely responsible for local unrest on the part of the Chinese population, the Japanese newspapers came back with charges that American, British and French real estate companies were responsible as the companies had hired loafers to spread rumors in Chapei about a pending Japanese military intervention "for the purpose of frightening the people and causing them to flee into the Settements and occupy vacant houses." The local Chinese authorities apparently believed this Japanese allegation for a report published in the local papers on March 3 stated that two Chinese loafers actually had been arrested and charged with the spreading of rumors on behalf of local foreign realtors. Whether the foreign real estate interests have stooped to such tactics in their struggle for business, we do not know, but we imagine that the extensive Japanese military practice marches and sham battles, accompanied by rifle and artillery fire at night, constitutes a much more serious source of local unrest.

THE GROWTH OF ANTI-NANKING RADICALISM IN AMERICA

THE Japanese move into eastern Chahar province in mid-January which resulted in the annexation of an additional 1,500 square miles of Chinese territory to the puppet state of Manchukuo, was generally described in the liberal and radical press of the United States as a "Sino-Japanese alliance directed against the Chinese communists and the Soviet Union." The New York *Nation*, which previously used to be friendly toward China, but now is most critical, particularly toward the National Government at Nanking, said that one of the objects in "permitting" Japan to advance into Chahar, was to enable the Japanese army to "strike into Mongolia" so as to prevent the establishment of communications between Soviet Russia and the newly formed communist areas in Kweichow and Szechuen provinces. This statement was made in utter disregard of geographical facts for the nearest red base in eastern Szechuen province is exactly 1,000 miles from the Soviet border in a direct line toward the north, while the distance to the Soviet border in a western or northwestern direction ranges from 1,200 to 1,500 miles. In either direction the territory between the Chinese red base and the Soviet border consists of mountains and deserts, uncrossed by railways or roads or even telegraphs or telephone lines and generally is occupied by Chinese military forces hostile to the reds. The only possible way in which communication could be established across this wide area of central Asia would be by airplane and even that would be impossible without prior preparation such as the creation of intermediate landing fields and gasoline stations. Much more logical was the *Nation's* statement that Japan is now getting ready to strike into both Inner and Outer-Mongolia, an immediate objective being to cut the overland motor-trail between Kalgan and Urga, capital of Outer-Mongolia.

Most of the papers in the United States obtained their tip on the anti-Soviet angle to Japan's drive into Chahar from a bulletin of the Foreign Policy Association issued on Jan. 25. In a report written by T.A. Bisson the bulletin declared that it was difficult to reconcile the renewed threat of Japanese military operations in north China on Jan. 19 with Foreign Minister Koki Hirota's speech in the Diet that Japan's policy is "to assist China in the attainment of stability." Commenting on Hirota's further statement that there is a "growing trend among the

Chinese people to appreciate the true motive of Japan," Mr. Bisson declared that the "trend" was evident in the recent actions of the Chinese Government, "but it is hardly to be taken as an expression of the will of the Chinese people." Owing to the sudden discontinuance of all comment in the papers of both China and Japan regarding the Japanese drive into Chahar, there is still considerable mystery about the affair, but it generally is realized that this drive and occupation of additional Chinese territory was closely connected with Tokyo's diplomatic moves toward establishment of what Japan's statesmen term "cooperation" between Japan and China. It was only a few days after the Chahar drive that Minister Arioshi turned up in Nanking with his proposals for cooperation. Some Chinese in high places believe that when Gen. Jiro Minami ordered the Chahar drive, he also sent word to Tokyo that he would give the Foreign Office three months to bring China into camp through diplomatic means and if nothing substantial resulted, that he (Minami) would then go ahead and settle issues with China in accordance with the Army's plans. We have frequently called attention to the growing power of the Japanese Kwantung army (controlling Manchuria) in the diplomatic relations of China and Japan. Added emphasis to this tendency has been provided by the recent visit of Gen. Kenzo Doihara, head of the Kwantung army's special service department, to Nanking where he told Chinese officialdom about Japanese army's high mission in Manchuria. In other words this particular branch of the Imperial Japanese army, now all powerful as the military, financial and economic dictator of Manchuria, is gradually assuming direction of Japan's diplomacy toward China.

To get back to the attitude of the liberal and radical press in the United States, the *New Republic* (Feb. 6) said that Japan's present "friendly policy," involves Japan's aid in crushing the communists and also assistance to China in getting rid of the "unequal treaties," a suggestion that conveniently overlooks the fact that Japan herself enforced on China the most outrageously unjust of all these treaties. But Japan (Kwantung army) would definitely fix China's northern borders fronting on Manchukuo, following which Japan might then guarantee the territorial integrity of northern China. It was then suggested that China might be willing to permit Gen. Minami to continue his drive westward into Mongolia so long as he confined his operations north of the Great Wall. As to Japanese policy toward China proper, Tokyo will recommend joint operations for the economic and financial development of the whole country, an undertaking which the editor of the *New Republic* likened to an agreement between a cat and a mouse to "cooperate" in having the cat eat not more than half the mouse. The paper then questioned the accuracy of the report that Gen. Chiang Kai-shek had "sold out" to Japan, but declared that "if Nanking went through with any such program as now proposed, it would reduce all China to a status not much better than that of Manchukuo, and at the same time prove to the world that the rumors were correct." Reference also was made to *Fortune* magazine (New York) which published an extensive article about Manchukuo and forecasted that the recent reconnoissance trips of Japanese army officers into Chahar indicated that that territory probably would be "next" on the Japanese military program. Regarding this point the *Nation* alleged that the ground for Japan's further advance into Chahar and complete domination of north China had been prepared "through the removal of 145, 000 of Gen. Chang Hsueh-liang's anti-Japanese troops from north to central China and the withdrawal of 50,000 of Gen. Sung Chieh-Yuan's best troops from Chahar." It also was alleged that anyone openly expressing anti-Japanese sentiments in north China is subject to arrest and possible execution by the Chinese authorities "acting on the orders of the Japanese military."

The *Christian Century*, widely read liberal religious journal, published in Chicago, declared in its February 6th number that recent moves toward economic "cooperation" between China and Japan indicated a "common policy of the two nations against communism and possibly a joining of hands against Soviet Russia." The editor of the *Century* declared, "The 'attack' on Chahar should be regarded as an attack on a local governor suspected of Russian leanings, and a move toward ending gun-running from Siberia to Chinese reds. Instead of a renewal of the old drive, it is a sign that 'bourgeois' China has finally passed within the Japanese ordit, and that the two nations, after attending to the communists on Gen. Chiang's flanks, will then be ready to act unitedly against Russia." The *New Republic* added the comment that whenever Japan is getting ready to carve another slice off China, "somebody in Tokyo makes a conciliatory speech......the coincidence is becoming alarming."

All of the radical papers now admit that the Chinese communists "probably" have evacuated their base in Kiangsi province, but unite in the claim that it was a "strategic move" to a stronger and better base in Szechuen province. The march of the reds from Kiangsi to Kweichow and Szechuen was described by the *New Republic* as "one of the most difficult and dramatic marches in the history of warfare." This paper also included a piece of information that will be news to residents of China that before evacuating Kiangsi the Chinese reds dispatched an "anti-Japanese expeditionary force to the north to fight Japan and arouse the countryside against the imperialists." Where the editor obtained this strange information is a mystery because the only red force that split off was the one that went into Anhwei province and was responsible for the murder of Mr. and Mrs. Stam, the American missionaries. But the *Republic* alleged that the Chinese red army itself, "does not harm foreigners unless they are tried and found guilty of fighting against the revolution." There will be plenty American missionaries in the interior who have had their homes pillaged and converts massacred and who have had their friends and associates kidnapped and murdered by the reds who will dispute this statement. What the editor of the *Republic* overlooks is that the Chinese red movement, which may have been "Simon-pure" at the beginning has degenerated into a bandit movement which differs little, aside from its magnitude, from traditional Chinese banditry, except as the National Government has grown in power the bandits have become more ruthless in their activities. A dozen years ago before it became fashionable to call bandits "reds" it was seldom indeed that foreign captives were murdered. Now they almost always are murdered, and usually after the bandits have obtained ransoms for their release.

Turning to the more radical papers such as the *New Masses* and *China Today* one finds more outright criticism of Nanking and its policies toward Japan. The *New Masses* on Jan. 29 admitted the fall of the Chinese soviet headquarters in Kiangsi and retreat of the reds to the west due to the blockade by Gen. Chiang Kai-shek's 76 divisions of regular troops and bombing by 300 airplanes, but claimed that the loss of Juikin "is compensated by the occupation of new extensive territories and by the opening up of new perspectives for the development of Soviet China." This was followed by a declaration that the reds "are endangering Japan's imperialist designs on China," and stated that economic conditions in Japan are approaching rock bottom.... ...two million peasants are reported starving....60,000 peasant girls were sold into prostitution and to the big factories the past year....Tokyo makes wild maneuvers, floundering this way and that in its attempt to reach good fruitful markets....Hence Japan's 'concern' over China....and the Tanaka plan is no back number....Japanese trucks are moving across the plains and passes from Jehol to Dolonor in Chahar....Japan will not surrender its plans for making Lake Baikal a Nipponese boundary....and Hitler waits....Berlin and Tokyo are considering timing their attack on the Soviet Union. . ." The Feb. 5 issue of the same paper elaborated further on the Tanaka memorial (memorial by Baron Tanaka to the emperor outlining Japan's plan of world conquest) by stating that the advance into Chahar marked the beginning of the second stage, the conquest of Mongolia. Then, following a reference to the "new strategy of the Chinese red armies," the paper alleged that Gen. Chiang Kai-shek "obviously is in collusion with the strategists of the Tokyo imperialists . . .the U.S. State Department and War department are as eager to see Hitler armed against the U.S.S.R. as Downing and Threadneedle streets....the naive professions of Japan seem to parallel Gilbert and Sullivan at times, but her acts threaten the peace of the world."

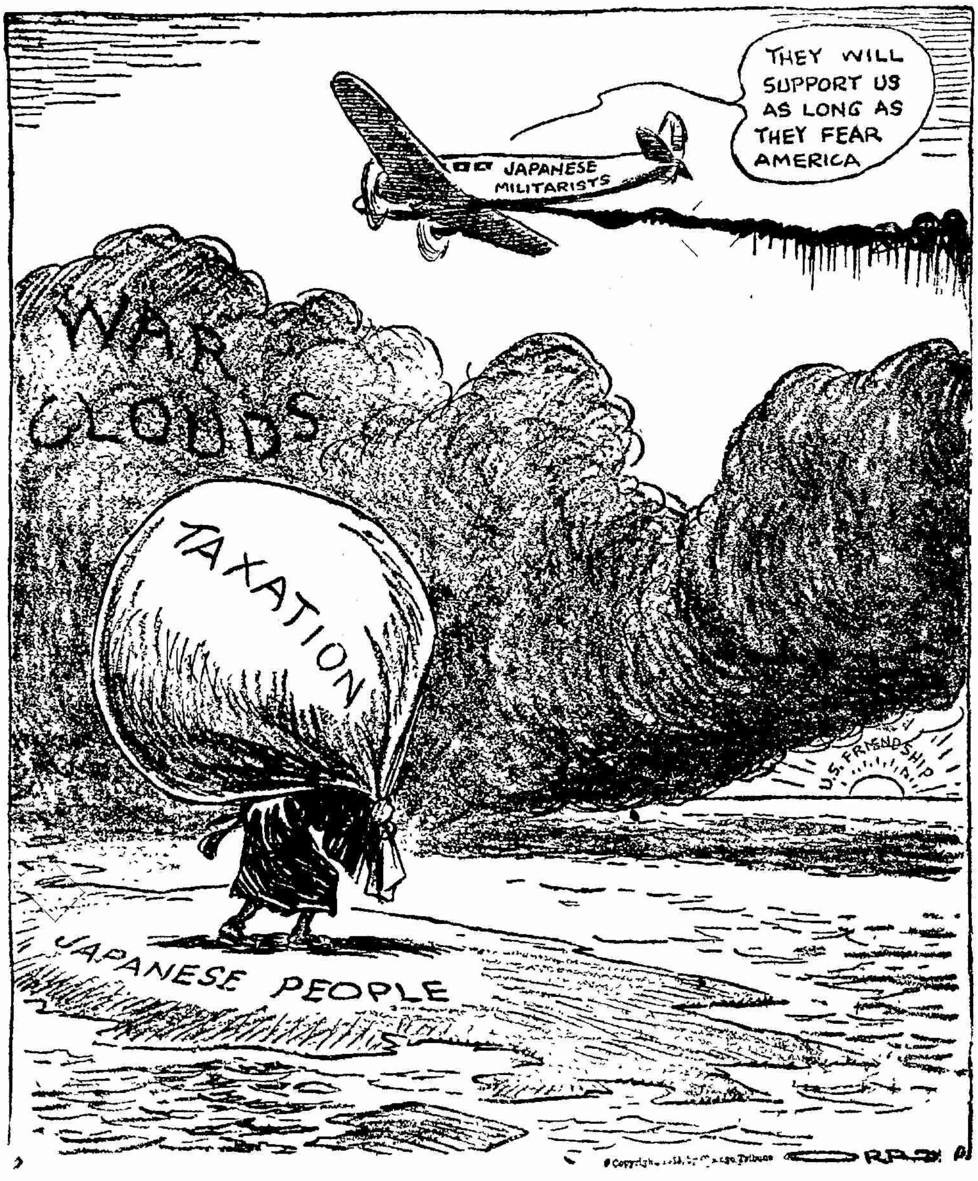
It remained, however, for *China Today*, published at 168 West 23rd Street, N.Y., to put the finishing touches to the story. One of the editors of this paper is a Chinese named Hansu Chan and it claims to be the organ of a society known as "Friends of the Chinese people," which advertised a mass-meeting on Feb. 22 for the purpose of discussing Japan's invasion of north China and Gen. Chiang Kai-shek's alleged suppression of the anti-Japanese movement. The speakers scheduled for the meeting included two Americans and two Chinese, Earl Browder and Maxwell S. Stewart, and Prof. Aoyang Hsin-nun and T. Y. Yang. Earl Browder, who spent considerable time in China in 1927 is now head of the Communist Party in the United States. In the editorial columns it was claimed that reactionary forces in the United States "are playing a part in furthering the designs of Japanese imperialism as well as American imperialism in the Far East." American imperialism in the view of this journal is arming Gen. Chiang Kai-shek and Gen. Chiang in turn is cooperating with Japan in suppressing communism in China and planning a joint campaign against the Soviet Union. Japan's denunciation of the Nine-Power treaty "caused China to lose even the benefits of a robbers' agreement, hence China will henceforth be an open hunting ground for an imperialist struggle for its partition." Of most interest, however, was a full-page appeal to the Amrican people to stop the sale of Amrican airplanes and munitions to the National Government and the withdrawal of all American gunboats, marines and other armed forces from China. The appeal was signed by 31 persons, most of them contributors to the radical press.

If one could shut his eyes to the actual situation and at the same time grant that the Chinese communists possessed all the virtues attributed to them by the radical press in the United States, there still would remain a serious gap in the prospects for Far Eastern peace. In the first place the communists are not unified, being split up into so-called Trotsky and Stalin adherents, but worse there are at least a half dozen so-called major military leaders with larger numbers of minor leaders shading off from a few men of some intelligence to the most ignorant bandit chieftains. Should they be able to overturn the Kuomintang government at Nanking the inevitable result would be another series of civil wars to determine the top dog. This probably would result in another decade of chaos and disorder with further suffering on the part of the peasant farmers and villagers who, as always are pawns in the game of Chinese politics. The group at present in control of the National Government at Nanking is made up almost entirely of men who have been affiliated with the Kuomintang, or revolutionary party, for many years. Several of them suffered exile in the days of the Manchu regime for their revolutionary activities. Admitting the sincerity and military ability of some of the red leaders, it is extremely questionable whether they could extricate China from her present complications, domestic and external, in a more satisfactory manner than the present rulers in Nanking. Although in control of a considerable section of Kiangsi province for several years they gave little evidence of an ability to solve China's fundamental problems. During the conflict between the National Government and Japan from the time of the Manchurian incident in 1931 to the signing of the Tangku truce on May 31,1933, the communists continued their warfare against their government, despite the fact the country was faced with its most serious external crisis in a century. Since the facts of this situation are quite well known abroad it is difficult to understand the real motives of those who profess to support the Chinese reds, unless they find support of the Chinese reds a convenient camouflage for some other objective. The present Government leaders at Nanking are not perfect and deserve serious criticism because of their inability to unite with Canton, but to suggest that the red-bandits might do a better job of governing China is the height of asininity.

The Far Eastern Financial Merry-Go-Round

IT apparently was inevitable that the Far Eastern political discussions, sooner or later, would narrow down to the subject of money—loans. That proved to be the case last week when reports appeared almost simultaneously in Shanghai, Washington and London that Japan was planning to advance a $200,000,000 loan to China in exchange for vital economic considerations that might be extremely detrimental to other Powers also interested in said economic considerations. The Chinese, who have a well developed sense of humor, should be enjoying the present situation for the foreign Powers, particularly Britain and the United States, after sleeping on the China question for several months have suddenly become very much awake as a result of reports cabled from Shanghai that Japan was about to put the seal of accomplishment on her activities of the past four years by advancing China a loan. Even the Soviet Russians entered the discussion by broadcasting an article from *Pravda* charging that Gen. Chiang Kai-shek and Wang Ching-wei "were meeting the Japanese demands half-way, because of the enticement of a $200,000,000 loan which had done its work." The Russians linked the loan issue with the visit of Gen. Kenzo Doihara to Nanking and south China, declaring that Doihara usually appears at places which Japan has marked out for her next seizure and that his appearance at Nanking coincided with the strengthening of Japanese pressure on Nanking. The Russian report also disclosed the interesting information that a few days prior to Doihara's visit to Canton the Japanese had a serious dispute with the Chinese authorities at Swatow and had threatened to land marines on the Kwangtung provincial coast. The only paper in Shanghai which had printed anything about the Swatow incident was the *North-China Daily News* on February 28, but the report was buried at the bottom of a dispatch from Swatow (dated Feb. 17) hence attracted little or no attention. The Russian report alleged that Japan's acquisition of a naval base at Swatow, plus her contemplated seizure of Amoy, would completely bottle up the Formosan strait and that the other imperialists "would hardly like these facts."

THE SMOKE SCREEN OVER THE PACIFIC



—*By Orr in The Chicago Tribune*

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While many columns of speculation have appeared in the newspapers regarding the possibilities of a foreign loan, and one foreign news agency went so far as to state that Chinese Government leaders "were actually considering acceptance of an offer of U.S. $100,000,000 for the purpose of stabilizing exchange," the situation remains exactly where it was. Which is another way of stating that the socalled loan negotiations are still at the initial stage and that many weeks probably will elapse before there are any definite developments. That China needs money, large quantities of it, goes without saying. But whether the international financial and political scenery can be so arranged that an international loan could be advanced to China is another question. There are numerous obstacles, the chief one being Japan, which nation will undoubtedly oppose an international loan unless it is arranged in such manner that Japan will be in a position to dominate it, if not actually act as broker for the international bankers who might participate. The Japanese, with their own financial situation in most critical condition, are in no position to lend China such a large sum of money, but on the other hand they will do everything possible to block any loan to China by the United States or Great Britain. Hence the situation does not appear promising-unless America and Britain have decided to make an issue of it and act without regard for Japan. Japan's attitude on the question of an international loan was indicated in a *Rengo* dispatch from Tokyo, dated March 2, which quoted a spokesman of the Foreign Office as piously declaring that "such a loan would lead to the international control of China and disturb her internal equilibrium." The spokesman of the Tokyo Foreign Office also referred to the failure of the old Four Power Consortium, organized several years ago for the purpose of advancing loans to China, but which failed because of China's refusal to accept the conditions.

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While Japanese officials have talked a great deal about "cooperation" in their conversations with Chinese officialdom at Nanking, the Japanese newspapers have been more explicit in their enunciation of Japan's real objectives. witness the following from the *Osaka Mainichi* of March 3:

> 1.—Japan will extend all the necessary support to China provided the republic shows her desire to "normalize" Sino-Japanese relations by "subduing the anti-Japanese boycott and fulfilling other conditions."
>
> 2.—The extent of political and financial aid by Japan "will be in direct ratio with China's friendly actions towards Japan."
>
> 3.—With the promotion of friendly relations, China must respect Japan's treaty rights and concessions. (The *Osaka Manichi* states that "Japan cannot immediately agree to the Chinese claim for the recovery of all their national rights.")
>
> 4.—In new agreements with other Powers concerning tariffs, trade, extra-territoriality and navigation "China must not jeopardize her relations with Japan."
>
> 5.—Although Japan has no desire to participate in a three-party loan to China, "she cannot remain disinterested if a scheme is involved which affects the political situation in the Far East."

It was the knowledge of the real objectives of Japanese policy which was responsible for the conference in Washington of the British Ambassador, Sir Ronald Lindsay with William Phillips, Under-Secretary of State, on March 1 and the later conferences between Mr. Phillips and the Japanese Ambassador Hiroshi Saito and the Chinese Minister, Sao-ke Alfred Sze, on March 4. Obviously neither the British or Americans wish to see Japan use a loan as a means of enforcing a policy in the Far East which would be detrimental to the commercial interests of other nations and this constitutes the real reason for the move of the British Government, acting through its Ambassador at Washington, in proposing to the American Government that the Powers get together on an "international" loan. But since Japan regards this move as an attempt to frustrate the proposed rapprochement between China and Japan, it is difficult to see how anything can be done in the circumstances unless . . . . China is willing to accept Japan's proposals and permit Japan to become the controller of China's future political, economic and financial destiny, which would carry with it China's recognition of Manchukuo and numerous other things, including an agreement to refund the Nishihara loans. It would constitute China's final acceptance of the notorious Twenty-One Demands of 1915. If, by some stretch of the imagination, China should follow such a policy and voluntarily agree to accept a sort of semi-colonial position in the Japanese Empire, somewhat similar to the present status of Manchukuo, then it would be extremely difficult for the other Powers to oppose the Sino-Japanese military-economic "bloc," except on the basis of arming themselves against the menace to world peace.

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While it is impossible at this time to forecast what may come of the loan negotiations, one point seems obvious—that any attempt on the part of the Powers to enforce conditions such as an extension of the exterritorial system or other so-called special "rights" which the Chinese are trying to eliminate, would have the inevitable effect of throwing China into the arms of Japan. One of the most discouraging elements in the situation, considered from the Chinese point of view, is that the Occidental Powers, while protesting against Japanese activities in Manchuria and elsewhere, have, on their part done little or nothing to improve their own relations with China from the standpoint of readjusting the old out-worn treaty situation. We admit that any wholesale surrender of settlements and concessions at this time would merely result in Japan's taking them over. But on the other hand there is nothing to prevent America and Britain from issuing a declaration on the subject that would have a reassuring effect at this time when Japan is promising China assistance in kicking the Occidentals out of Asia. The Chinese newspapers reported last week that the American Minister, while in Nanking recently, had informed officials of the National Government of America's willingness to revise the old Sino-American treaty. The papers stated that the British Minister also had made similar statements. There is hope that these reports are correct, but one wonders why these two countries do not make a public announcement of intentions in such clear and unmistakable language that the Japanese propaganda smoke-screen would be swept away once and for all.

Manchukuo---The World's Greatest Military Base

BY AURELIUS

WHEN the Japanese Army embarked on its Manchurian crusade in 1931 the fiery Yosuke Matsuoka spoke in Geneva earnestly and at length of the 'Empire's Granary'.

Today, Manchukuo's main function is no longer to put its soya beans into every Japanese messpot, but to supply the Empire with the sinews of war and to serve as Nippon's front trenches in the war with the Bolsheviki.

The responsibillty for this metamorphosis falls wholly on the shoulders of the Kwantung Army, a highly organized body of brilliant, ambitious, energetic nationalists.

The Manchurian adventure came off suddenly, as the result of the War Office's desire to keep the pacifically inclined bourgeois Minseito out of the Cabinet. On September 17, 1931, the Minseito won the prefectural elections by a landslide. On the night of the 18th, the military carried out their Mukden coup. Once in the saddle, the military faction skilfully manipulated the public opinion, assuring itself of complete freedom of action.

In the three years that have elapsed since then the Kwantung Army has transformed itself into a gigantic concern, managing every branch of Manchurian life. The expansion was so startling, that before the Tokyo politicos woke up to the fact, Japan's Oriental policies began to be made in Hsinking and Dairen instead of the red brick Gaimusho building in Tokyo.* With the extension of its power the Army was enabled to carry out the ambitious program for the development of Manchuria formulated by its economic brain trust, the Special Affairs Section.

The brain-trusters' scheme had two aims,—first, to supply Japan's heavy industries with the raw products they needed so badly; second, to make Manchukuo the world's greatest military base for the Empire's next war,—with the Reds or the Yankees.

To achieve these ends the Army proposed to introduce state capitalism in Manchuria, under the aegis of the Special Affairs Section,

Rigidly Controlled Economy

The devices by which the Army intended to bring the blessings of rigidly controlled economy to Manchuria's thirty odd millions were also two:

1. The Manchoukuo Government was to be "made safe."
2. Manchurian resources, industries, railways, military potentialities were to be developed through the use of huge Japanese financed army-controlled concerns.

Hsinking was "made safe" by very simple expedients. The Manchoukuoan administration from the very top down was selected from 'reliable' men, usually with Japanese education. Foreign Minister Hsieh Chieh-chi himself is a Formosa-born, Japan-educated individual, who was hauled off to head the Hsinking Gaimusho from a Tokyo college, where he peacefully taught Chinese literature. Miniature Hsiehs were placed at the head of every administrative unit, right down to the hsien government.

Another safeguard placed most of the authority in the hands of the General Affairs Bureau of the State Council, headed by a Japanese. Retired Nipponese officials were also appointed to all vice-ministerial and vice-directorial posts in the Government. This serves to explain the curious fact that in the negotiations with Soviet Russia for the transfer of the Chinese Eastern Railway, Manchukuo's delegation consisted of Mr. Ohashi, Vice-Minister for Foreign Affairs, and Mr. Hoshino, Vice-Minister of Finance, both Japanese.

The development of native industries through the use of huge Japanese monopolies was the special brain-child of the Special Affairs Section. The assumption was that Manchuria's enormous undeveloped resources could best be exploited through the use of extensive and thoroughly up-to-the-minute monopolistic enterprises, controlled by the Army.

Ordinarlly projects aiming at state capitalism would not be tolerated by the powerful Japanese financial houses interested in Manchuria. This plan, however, appealed to them, for it eliminated all foreign competition and apparently contained no restrictions on the rate of return. The "unholy alliance" was concluded, and the Mitsui, Mitsubishi, Okura and a few other super-concerns took over the charge of Manchukuo's economic life.

Struggle for Control of S.M.R.

The task of unifying the economic control of the region was facilitated by the South Manchuria Railway Co., a XX century Hudson Bay Company, whose ramifications embrace every major economic, social and cultural activity in Manchuria. At first the S.M.R. Board of Directors, reflecting the views of the civilian elements within the Japanese Government, which owns half of the railway stock, was reluctant to allow the Kwantung Army to take over the reins. There were many a conflict between the railroad and the Army, not all of which were won by the Army. Thus, Gen. Koiso's schemes for an oil refinery were shelved in favor of the S.M.R. brain-trusters' plan.

The struggle, however, is apparently coming to an end, with the control of the S.M.R. passing from Tokyo to Hsinking. Gen. Minami, Japan's belligerent Ambassador to Manchukuo, is reported as being in favor of replacing the vacillating Count Hayashi, the present President of the S.M.R., with Mr. Matsuoka, who led Japan's delegation out of the League of Nations. It is also reported that the S.M.R. will shortly be reorganized into a railway operating concern, all its industrial enterprises passing into other hands. With Minami's appointee in control of the South Manchuria and all other railroads of the country, and the S.M.R. industrial branches parcelled out among the state monopolies, the Kwantung Army mastery will be undisputed.

The work done by the Kwantung Army in three years can only be compared to the Soviet Five-Year plan. The Army conquered a hostile country, supplied it with a ready-made Government, completely revolutionized its economic system, and made a first class gigantic military base out of an agricultural area in a primordial stage of development.

Monopolizing the "Vital" Industries

The most significant step undertaken by the Kwantung Army was the monopolization of the so-called 'vital' industries. The State or the Army control today the production, refining and sale of oil, mining of coal and gold, the production of lumber, steel, cement, iron, aluminum and automobiles, the growing of wheat and cotton and the electric enterprises. In addition, the Special Affairs Section is completing a scheme for the socialization of all the remaining large industries. A law to that effect is expected to be promulgated before the end of the summer. This will probably follow the establishment of the Army's pet organization, the Japan-Manchukuo Economic Commission, which, although theoretically being an advisory body, will in fact become the supreme economic organ in Manchuria. The Commission, which will be charged with the task of promoting the economic bloc between the two countries, will be directly controlled by the Commander-in-Chief of the Kwantung Army (presently the fiery General Minami). This control has been assured by the composition of the Commission, which will consist of General Minami himself as the chairman, representatives of the Kwantung Army, the Japanese Kwantung Affairs Bureau (controlled by General Minami), and the Japanese Embassy in Hsinking (controlled by the Ambassador, Gen. Minami). Manchukuo will be represented by three ministers and the Director of the General Affairs Bureau of the State Council, who is a Japanese.

Oil Monopoly Law

The Oil Control Law has been the only monopoly that has received world-wide attention,probably less because of its importance, than because of the interests involved. The law was the creation of Gen. Koiso, one of the Kwantung Army's policy-makers. His plan dates back to 1933, but its realization was delayed by the undercover struggle over the so-called Army plan for "general economic development"

Anticipating the approach of the "oil age" in Manchukuo, the S.M.R. prospected for oil in Shihe and South Barga in the summer of 1933, and shortly afterwards began to build a refinery near Dairen, with an annual production of 120,000 tons. In October of 1933 the S.M.R. formed an unofficial department to deal with petroleum affairs. On Feb. 21 of last year the Manchoukuo Government passed a special ordinance providing for the establishment of the Manchuria Oil Company. Two days later the concern officially came into being. It is a joint Japan-Manchurian enterprise, capitalized at Y.5,000,000, of which Y.2,000,000 is subscribed by the S.M.R., Y.2,000,000 by four other Japanese oil concerns (the inevitable Mitsui and Mitsubishi, Japan Petroleum Company and the Okura

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**The latest of the Administrative reforms, which took place last month, placed the entire control over Manchurian Administration in the hands of the Commander-in-Chief of the Kwantung Army, who was concurrently appointed Ambassador to Hsinking.*

Company), and Y.1,000,000 by the Manchukuo Government. Thus 80 per cent of the company is controlled by the Japanese. The main object of the company is to exploit the oil resources of Manchuria, in addition to refining and selling oil. The President of the firm is K. Hashimoto, member of the Japanese House of Peers and President of the Japan Oil Company, with one Ai Nanfang for a vice-president.

The Company was established as the main cog in the Manchoukuo oil monopoly. The provisions of the monopoly law can be summarized as following:

Manufacture, importation, exportation and sales of oil products will be permitted only under license from the Manchoukuo Government. For the purpose of sales control the country is to be divided into ten districts, each of which will have a sole agency, whose prices will be fixed by the Government at the time of each delivery. The agencies will sell their products to wholesale distributors, whose prices will be supervised but not fixed. The Government promises to give full consideration to the established oil concerns, irrespective of their nationality, and undertakes to buy them out should they express the desire to discontinue their businesses. The law will probably become effective on April 1.

Fortune Magazine

Gen. Jiro Minami

The above picture of the Commander-in-Chief of the Imperial Japanese Kwantung Army and dictator of Manchukuo, accompanied an article of several pages which appeared in the February issue of *Fortune Magazine*, N. Y. The picture on the opposite side is that of Cheng Hsiao-hsu, Chinese Prime Minister of Manchukuo and trusted adviser of "Emperor" Pu-Yi. In its description of Minami and Cheng, the editor of *Fortune* said that these faces indicate the chasm between militarist Japan and the subtle intelligence of China.

Army Controls Coal Mining

So much for oil. Coal has also gone the way of all fuel. In the autumn of 1933 Gen. Yoshida of the Kwantung Army's Brain-trust, formulated a plan whereby the South Manchuria Railway Co. and the Manchoukuo Government were to form a joint concern, capitalized at Y,16,000,000, to exploit all the large coal mines in the state. Manchukuo's contribution was to be eight mines, S.M.R.'s one mine and Y.3,000,000 in cash. The S.M.R., however, was to retain the sole control of its Fushun collieries, which produce 80 per cent of Manchukuo's annual 10,000,000 ton production.* Thus, the scheme gave the S.M.R. virtual control of the entire coal resources of the country.

This was the first step in the monopolization of the coal industry. This year the Kwantung Army announced that the mines owned by the S.M.R. and the Manchoukuo Government would be consolidated under a single gigantic holding concern, which would be headed by Lieut.-General Nishio, Chief of Staff of the Kwantung Army.

Meanwhile, coal production has been placed under the supervision of the Manchukuo Coal Mining Control Committee, headed by the same Nishio. The Committee consists of one representative each of the Kwantung Army, Manchukuo Department of Industry, the S.M.R. and the larger collieries. The S.M.R. is waging a desperate battle to retain the control of its "money-maker," the Fushun mines, which the Army proposes to divorce from the mother company. At the latest of the monthly confabs between the Army and the S.M.R., four directors of the Company headed by Vice-President Hatta and Col. Komoto pleaded with General Nishio to leave the Fushun mines under their present ownership. It is doubtful that the Army will abandon its plans. Japan's military industries need coal, and nobody can intensify production better than the Army, or at least the Army believes so.

Timber, Steel, Telephones Controlled

The monopolization of timber production was proposed by the Special Affairs Section as far back as 1932. A retired general Suzuki attempted to form a joint concern, with the participation of the S.M.R. and the Manchukuo Government. Other concession-hunters raised a howl, as the result of which the plan had to be temporarily shelved. Meanwhile, the recalcitrant interests were punished by declaring all desirable timber lands the private property of the Emperor. Theoretically the monopoly scheme is not in operation yet, but for the purposes of exploitation the country is divided into four sectors, each of which is monopolized by a Japanese concern.

Steel production has always been a near-monopoly in Manchuria, with the S.M.R. controlling the Anshan works, now managed by Vice-Admiral Goto. In October of 1933 the S.M.R. launched upon an expansionist program, and set up the gigantic Showa Steel Works in Anshan, which are expected to be finished this year. The S.M.R. annual for 1934 reports that the Showa Works are negotiating for the purchase of their only rival, the Penhsihu Colliery and Iron Works Corporation, owned by the Okura interests. The Penhsihu plant has an annual output of 100,000 tons of iron of quality especially adaptable for military purposes, for which, a Soviet report adds, "it is mainly used". By consolidating the control of the iron and steel industry in the hands of the S.M.R., the Kwantung Army is strengthening its own control. The next step will probably see the establishment of a separate monopoly under Army's supervision.

The telegraph and telephone services were declared a monopoly in 1933 when all the facilities were handed over to the Manchou Telegraph and Telephone Joint Company, completely dominated by the Kwantung Army. The company also operates Manchurian radio-stations, of which in June of last year there were more than 50. There are in addition a number of stations constructed and operated directly by the Army, and there were several cases of the transfer of stations from the Company management to the Army. A few months ago the Company opened a powerful 100 kilowatt broadcasting station in Hsinking, whose main purpose was to steady the allegiances of Manchus wavering under the impact of ether waves emanating from Khabarovsk and Nanking. It is suspected that the desire to do some propaganda of their own across the Soviet border and the Great Wall had something to do with the construction of the station. After a month or two of operation, the Company asked the Tokyo Department of Communications to get in touch with Nanking, with a view to eliminating the 'offensive statements' often made over the Nanking station.

******In January of this year Fushun set a new export mark with* 812,000 *tons, much of the coal going to Japan's munitions industry.*

A Joint Concern Monopolizes Electric Service

Although no formal monopoly has been established in the power industry, all the larger power plants are owned by the Manchuria Electric Light Industry Company, a "joint" concern, capitalized at Yen. 90,000,000. The Company was formed only a few months ago, out of the merger of nine concerns, the largest of which belonged to the inevitable S.M.R. The President of the Company is General Toyohiko Yoshida, former adviser to the Special Affairs Section. The merger represents the culmination of a long struggle between the Mitsui-Mitsubishi interests, which sought to establish a monopoly soon after the Mukden Incident, and the S.M.R., which owned the largest concern. Soviet sources assert that the latter was granted an actual monopoly by the Manchukuo Government in 1931.

A law promulgating what amounts to a gold monopoly was passed late last year, as the result of which all the best locations were given to a "joint" concern, the Gold Mining Company. The Kwantung Army brain-truster in charge of the gold question is one Colonel Inoue. The only exception to the monopoly known to the writer is the grant of a permission by the Manchukuo Government to operate a gold mine in Jehol to Bun-ichiro Noda, a Japanese M. P. and member of the Kokumin Domei party, last October. Mr. Noda at the time stated that the mine would be operated by a joint Japanese-Manchou concern.

Other monopolies and near monopolies include matches, salt, wines, sugar, tobacco, motorcars, spirits, cement, chemical products and magnesite.[*]

In 1934 240,000,000 kgms. of salt were exported to Japan, where it was transformed into soda and used in the military chemical industry. Magnesite is produced largely by a huge concern, owned by the S.M.R., Sumitimo and Furukawa interests, and capitalized at Y.7,000,000 (Oct. 1933). Later it was planned to increase the capital to Y.30,000,000. The Manchurian raw product is exported to the Japanese steel works and military plants. Of the cement plants those owned by the S.M.R. are the largest (more than 50 per cent of the total production), and operate with the blessings of the Kwantung Army, which needs cement for many purposes, including the fortification of the Manchurian-Soviet frontiers. Semifabricated aluminum is produced by the S.M.R. at its Fushun plant and is exported to Japan.

Automobiles and Munitions

Automobile construction and assembly is a monopoly, the Dova Company, headed by General Tanita (June, 1934), having no rivals save a few languishing foreign agencies. Of its Yen 6,200,000 capital, Yen 2,900,000 belongs to the S.M.R., Yen 200,000 to the Manchukuo Government, and the remaining Yen 3,100,000 to seven Japanese concerns. The main plant of the company is in Mukden, with branches in Hsinking, Harbin and Tsitsihar. The recent revision of the tariff favored the Company at the expense of foreign automobile firms. A New York daily also recently reported that even a more direct form of persuasion was exercised upon a Mukden agency of American cars, presumably in the interests of the Dova firm. Of the 16,000 cars in Manchukuo today, 7,000 are Japanese made, and an energetic sales campaign is being waged by Tokyo manufacturers.

The Mukden arsenal, which for years supplied Marshal Chang Tso-lin with arms for his military exploits, has also been taken over by the Japanese and expanded in the spring of 1933, at the cost of Yen 2,000,000, invested by the Mitsui and Okura companies. The head of the arsenal is Gen. Kurosaki. According to Soviet reports of June 1934, plans were being made to expand the arsenal further, construct auxiliary arsenals in other cities of Manchukuo, and also to organize a holding "arsenal company", in which the S.M.R. would be a shareholder.

Militarization of Railroads

Much has been said about the militarization of the Manchurian railroads. Therefore, the author will point out here only a few details which are not generally known. On March 1, 1933, the State of Manchoukuo turned over the management of all railways (save the Chinese Eastern) to the S.M.R., because, as a S.M.R. report puts it, "such an arrangement would be mutually advantageous in settling the enormous amount of the new State's indebtedness to that Company in connection with the several railway lines financed and constructed by the company in the past". The debt was set at Gold Yen 130,000,000. Kanji Usami, a Japanese, was simultaneously appointed the Director General of "State Railways".

With the acquisition of the C.E.R., Manchukuo will have more than 7,000 miles of railways, all of them operated by the S.M.R. At the end of 1933 there were 18 railroads in Manchuria, to which in the following year the S.M.R. added seven more. The Kwantung Army is making plans to build 20,000 kms. of railroads. Of the lines built last year two are of especial significance,—one running from Tsitsihar and Harbin to Taheiho, across the Amur River from the Soviet Blagoveschensk, and the Koupeyingtsu-Lingyuen railway, which will soon be extended to Jehol City. The first of these was built double-pace, and with such efforts to maintain secrecy that several hundred "white" Russians who did not look sufficiently open-hearted were fired from the construction works. This line is paralleled by another purely strategic railroad, from Tsitsihar towards the Amur River, only a part of which has yet been completed. Both of these lines "reek of gunpowder" according to the Soviets, and obviously aim to strike a death blow at the Trans-Siberian railway the moment war is declared.

Fortune Magazine

CHENG HSIAO-HSU

This picture of the prime minister of Manchukuo, together with that of Gen. Jiro Minami on the opposite page, was reproduced from the February issue of *Fortune Magazine*, N. Y., where it accompanied an article of several pages dealing with the Japanese puppet state. Cheng Hsiao-hsu, popularly known as "Su K'an," is 75 years of age and is rated as one of the greatest living poets and calligraphers of China. He was born in Foochow, Fukien province, and served in diplomatic and consular positions in Japan for several years. He has always been a follower of the Manchus and is rated as the most trusted adviser of "Emperor" Pu-Yi.

The Jehol line, extending more than 200 kilometers, will be branched out to Chifeng, and will later be extended into Mongolia The railway, the only one in Jehol, is of more interest to China than to Soviet Russia at this time, but according to the *Manshu Nippo* "Japan hopes to build a trans-Mongolian railway to Soviet Turkestan", this line being one of its important links.

The Korean-Manchurian web of railways built by the S.M.R. to the blue-prints of the Kwantung Army enables Japan not only

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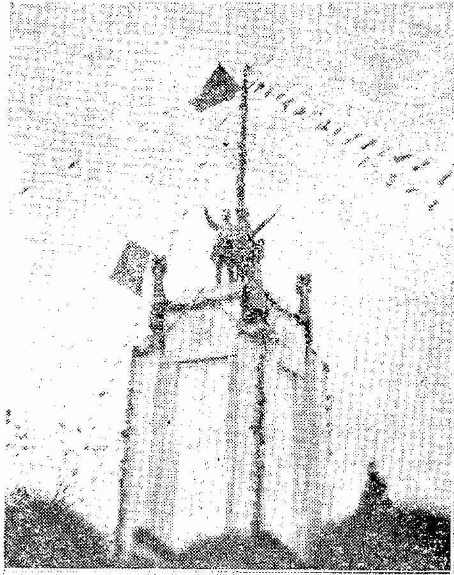
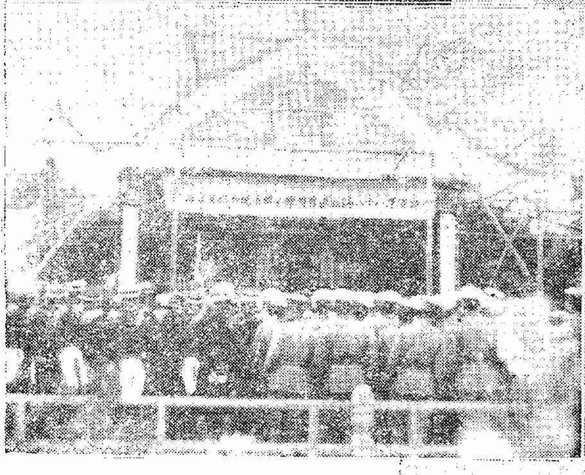
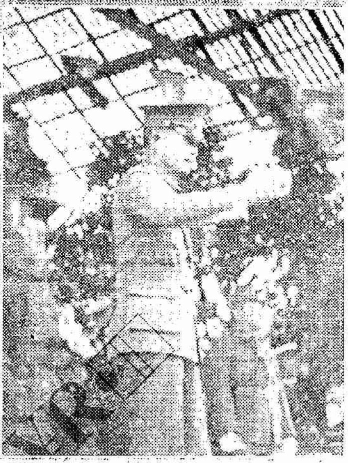
[*] *Metallic magnesia is a substitute for aluminum, which is so important for military purposes.*

CHINA DEDICATES MONUMENTS TO VICTIMS OF JAPANESE AGGRESSION

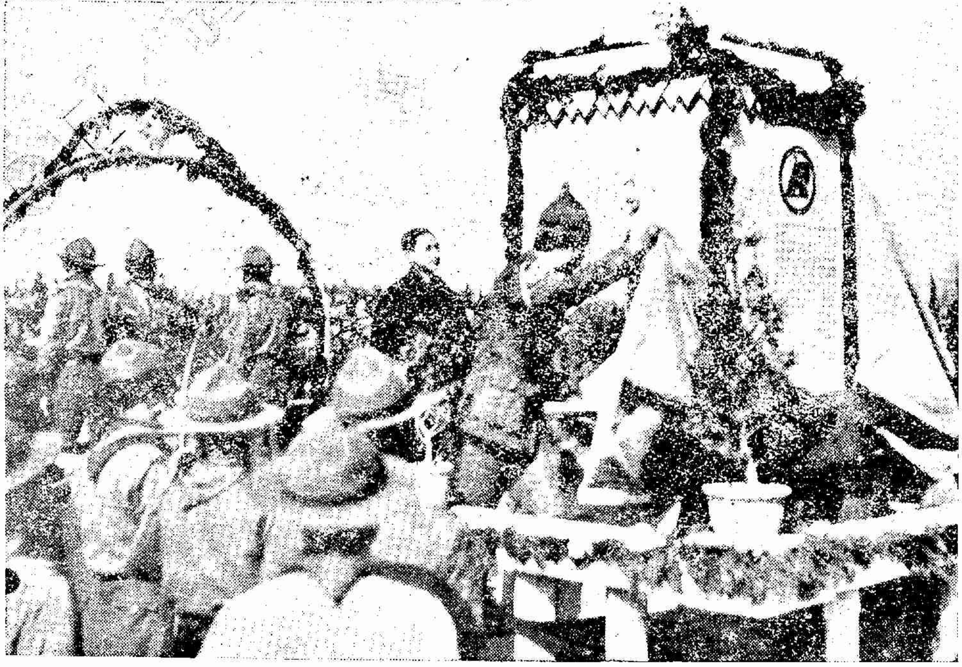
(PICTURES BY PAN WON-TZE, HANGCHOW)







China selected Feb. 22, anniversary of the birth of George Washington, America's first president, as the date for the dedication of monuments erected in commemoration of those who lost their lives in defending Shanghai against Japanese aggression in January and February, 1932. These particular monuments were erected in memory of 1,200 officers and men of Gen. Chiang's 88th Division who were killed in the battle of Miaokungchen, near Shanghai, and also in memory of four Boy-Scouts who also were killed in the Chapei fighting.



Upper Left—Top of the imposing monument erected on the banks of West Lake, Hangchow, in memory of heroic deeds of 1,200 officers and men of the 88th Division who were killed by the Japanese in the Shanghai war.

Upper Center—Top of the monument showing two life-like figures of soldiers, one carrying a rifle and the other pointing at an enemy plane.

Upper Right—Gen. Huang Hsao-shiung, Chairman of Chekiang, who participated in the ceremonies.

Center Left—Pavilion where ceremonies were conducted.

Center—Gen. Yu Chi-shih, former commander of the 88th Division, now commander of Chekiang Peace Preservation forces.

Bottom — Monument erected in Kiangwan in memory of four Boy Scouts who were killed in the Sino-Japanese hostilities. The scouts belonged to a group supported by the Chinese Chamber of Commerce.

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to pump raw products out of Manchuria, but also to transport Japan's military hordes to the Soviet border in less than 72 hours.

Web of Highways and Airways

In addition to railroads the S.M.R. built nearly 7,000 miles of highways suitable for military transportation. Some of these, such as the U-shaped Tunhwa-Ninguta-Suifenho-Hanchun road (640 kms.), paralleling the border of the Soviet Maritime Province, are clearly strategical. Bus transportaiton is also monopolized, according to Soviet sources of information, by a company capitalized at Yen 5,800,000, of which the S.M.R.'s share represents 45 per cent. The Company is headed by Gen Hashigaba.

Aerial communication is in the hands of the Manchuria Aeronautic Co., Ltd., which is controlled by the S.M.R. (with the Sumitomo interests and the Manchukuo Government being the minor shareholders) and receives a government subsidy from Hsinking. The Company at present operates about 4,200 kms. of air routes. Following the Manchurian Incident, the S.M.R. and the

(*Continued on page 68*)

Alleged Japanese Demands for Rapprochement With China; Gen. Chiang Kai-shek to Direct Red Campaign in Szechuan

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Japanese Foreign Office Denies Knowledge of Alleged Demands**
2. **Koki Hirota May Visit China; Sun Fo Denies Nanking Mission to Japan**
3. **Cool Reception to General Doihara by Southern Leaders**
4. **Wang Chung-hui Leaves Japan After Successful Mission**
5. **Agreement Reached on Settlement of War Zone Issues**
6. **Tax Dispute Between Suiyuan and Mongolia Near Settlement**
7. **Gen. Chiang Kai-shek Arrives in Chungking to Direct Red Campaign**
8. **Sinkiang Official Tells of Conditions in Border Province**
9. **Reported Strength of Communists in Western China**
10. **Protection of Life, Property and Freedom Urged by Nanking Leaders**

On March 1, the *North China Daily News* published a report that the following terms had been offered by Japan to China and a time-limit had been set varying from six to nine months for Chinese compliance with them:

Complete elimination of anti-Japanese propaganda from all text-books used in Chinese schools;

The engagement of Japanese advisers by the National Economic Council;

Financial arrangements for the funding of all or part of the unrecognized Japanese loans to China, such as the Nishihara loans;

Substitution of Japanese for the German military advisers and instructors now employed by the Nanking Government;

And, in return, a loan to be floated in Japan to assist China in her present urgent financial necessities.

Elaborating on the above terms, the paper reported that Gen. von Seeckt and his 300 German assistants would be replaced by 300 Officers of the Japanese army and 1,400 Warrant Officers. These officers would first train three divisions of the Chinese army to be "model divisions," and use the men so trained as the nucleus of a body to instruct the whole of the Chinese army in the principles of modern warfare.

Referring to the demands for the suppression of alleged anti-Japanese propaganda in China, the paper stated that these demands include the deletion from text-books of all reference to the Tsinan incident, the Mukden incident and the "rape" of Manchukuo, the Shanghai war, and other recent Sino-Japanese clashes.

The substitution of Japanese advisers to the National Economic Council for those at present employed is linked with the proposal that Japan should provide the foreign loan that China so badly needs before she can put her house in order.

JAPANESE OFFICIAL DENIAL OF SPECIFIC DEMANDS

"The people of Shanghai must have very good imaginations if they believe all that," said a spokesman of the Japanese Legation, when told of the reports by a representative of the paper quoted. "So far as I know, there have been absolutely no concrete proposals made either by ourselves or by the Chinese. We have discussed matters upon which we disagreed. We have said 'This should be put right. . . and that,' and we have talked over how it should be done. And we now believe that each side clearly sees the other's position, and that we can see what to do about it.

"The only thing that seems to be true in these reports is our stand about anti-Japanese propaganda.

"So far as loans go, I can assure you that there has never been any official talk of a loan by Japan to China. Dr. Wang Chung-hui in Tokyo is not discussing any such thing, and it has not been officially considered by us here. There are plenty of things to be cleared up before we can begin talking about loans. In fact, I understand that the Chinese bankers actually don't want a loan. They say that it is not needed at present."

Referring to the above proposals, a *Rengo* report from Tokyo March 1 quoted a spokesman of the Japanese Foreign Office as declaring that Sino-Japanese pourparles had not advanced to a stage where "such concrete proposals were discussed." The spokesman vigorously denied any knowledge of the purported Japanese conditions for a loan to China as reported in a Shanghai newspaper (*North China Daily News*).

MORE POINTS OF NEW POLICY LISTED

If China desires co-existence and co-prosperity with Japan, the latter will extend all possible financial and economic assistance to the Republic in the expectation of her "emancipation from all international yokes." This, according to the *Osaka Mainichi*, is one of the points of what it describes as the "new China policy" which, it says, the Minister for Foreign Affairs, Mr. Hirota, will embark upon on March 27.

The *Osaka Mainichi* gives several other points as forming part of the alleged "new policy." They are:

1.—Japan will extend all the necessary support to China provided the Republic shows her desire to "normalize" Sino-Japanese relations by "subduing the anti-Japanese boycott and fulfilling other conditions."

2.—The extent of political and financial aid by Japan "will be in direct ratio with China's friendly actions towards Japan."

3.—With the promotion of friendly relations, China must respect Japan's treaty rights and concessions. (The *Osaka Mainichi* states that "Japan cannot immediately agree to the Chinese claim for the recovery of all their national rights.")

4.—In new agreements with other Powers concerning tariffs, trade, extraterritoriality and navigation, "China must not jeopardize her relations with Japan."

5.—Although Japan has no desire to participate in a third-party loan to China, "she cannot remain disinterested if a scheme is involved which affects the political situation in the Far East."

KOKI HIROTA MAY VISIT CHINA

Koki Hirota, the Japanese Foreign Minister, may visit China to negotiate directly with the Nanking Government leaders, a high Gaimusho official told *Rengo* March 2. Such a step, however, would be taken only if China "really abandoned her anti-Japanese attitude and "awakened to the need for Sino-Japanese rapprochement," the official added.

An emphatic denial that the financial crisis has forced China to approach Japan with a proposal for rapprochement was made on Feb. 27 in the House of Representatives by Mr. Hirota, according to *Rengo*. Mr. Hirota further denied that any concrete suggestions of any nature have been made to Tokyo by the Nanking Government.

Mr. Hirota declared on March 1 at the House of Representatives that he would soon approach the Southwest authorities with a view to making them "appreciate Japan's real intentions."

Chinese boycott of Japanese goods is weakening in the Yangtze valley, but is "steadily growing worse" in South China Mr. Hirota added.

GEN. CHIANG ENDORSES WANG STATEMENT ON SINO-JAPANESE POLICY

General Chiang Kai-shek, President of the Military Affairs Commission, in a telegram to President Wang Ching-wei, fully endorses the statement on Sino-Japanese relations made by the latter at the meeting of the Central Political Council on Feb. 20. General Chiang's message reads:

"After perusing the declaration on Sino-Japanese relations, which you made at the meeting of the Central Political Council on Feb. 20, I feel that in the interests of national revival and the peace of the Far East and of the world, the recommendations contained therein should be fully carried out.

"Permit me to express my entire concurrence with your admirable statement which is in fact identical with the views expressed by me in the press interview I gave at the Capital recently.

"Since a definite decision has been taken by the Central Government leaders, I will, on the basis of this policy and to the best of my ability, cooperate with you for its enforcement."

SUN FO DENIES ANY CHINESE OFFICIALS PLANNING JAPAN TRIP

Sun Fo, President of the Legislatie Yuan, in a press interview March 4, emphatically denied the report in Japanese news despatches that he or any other leading officials of the National Government are planning to visit Japan in the near future for the promotion of Sino-Japanese goodwill.

President Wang Ching-wei or General Kai-shek, Mr. Sun stated, had never suggested such plans nor had the National Government contemplated sending any official to Japan. The report, the Legislative Yuan chief indicated, must be mere speculation on the part of the Japanese.

THE MYSTERIOUS CHINESE BANKER IN JAPAN

Another step in the direction of better relations between China and Japan was taken with the arrival in Tokyo on Feb. 27 of Chen Po-pan, representative of Chinese bankers in Shanghai, according to a *Reuter* report from Tokyo.

Mr. Chen said that he would engage in a series of consultations with Japanese leaders concerning the banking situation. He refused, however, to express an opinion regarding the advisability of economic co-operation between China and Japan. Before Dr. Wang Chung-hui left for Miyanoshita, Mr. Chen thoroughly discussed the situation with him.

The Mr. Chen referred to in the foregoing telegram is not known in Chinese banking circles in Shanghai but it is presumed by the *North China Dailiy News* that the gentleman referred to is C. C. Chang, former sub-manager of the Chungking branch of the Bank of China and a younger brother of Chang Kia-ngau, director and general manager of the Bank of China. Mr. Chang went to Japan some days ago on behalf of the Ministry of Foreign Affairs to make a study of trade relations between China and Japan, with particular reference to Korea and Formosa and it is presumed that he went as representative of a number of local Chinese banks for the purpose mentioned in the telegram.

COOL RECEPTION TO GEN. DOIHARA BY SOUTHERN LEADERS

Major-General Kenji Doihara, Director of the Special Service Division of the Japanese Kwantung Army in Mukden, arrived at Hongkong from Shanghai on March 2 by the N.Y.K. liner Terukuni Maru. In the afternoon of the day, Maj.-Gen. Doihara called on Hu Han-min, leader of the "Opposition" faction in the Kuomintang, and had a two-hour conversation with him on Sino-Japanese problems.

In an interview with the *United Press* at Hongkong on March 3, Hu Han-min said that South China leaders are not opposed to Sino-Japanese rapprochement, provided it is based upon Dr. Sun Yat-sen's doctrine that China continue her struggle in co-operation only with powers willing to treat her on a basis of equality. Mr. Hu said that he had made this position clear to Major-General Kenji Doihara in their discussion of Sino-Japanese problems. Southern leaders, Mr. Hu told the *United Press*, agree in principle with the reconciliation between China and Japan. Japan must, however, abandon any pretensions to exercising any semblance of a protectorate over China before any real progress can be made towards a rapprochement between the two countries, Mr. Hu said.

The Chinese "Elder Statesman" called attention to the "Hands off China," intimation given to other powers in the so-called "Amau Declaration" of last April as an example of the attitude to which South China leaders take exception. Mr. Hu said that the had told General Doihara that this historic Tokyo declaration was tantamount to a Japanese assumption of dominancy over the whole of Asia. Until Japan abandons such an attitude, he said, it will be difficult to discuss Sino-Japanese collaboration.

RAPPROACHEMENT WITH NANKING WILL NOT IMPROVE RELATIONS

Any rapprochement carried through by negotiations with one or two representatives of the Nanking Government, Mr. Hu warned General Doihara, would only serve to aggravate Chinese ill-feeling towards Japan. Cooperation between the two nations must be based only upon the approval of the Chinese people as a whole, Mr. Hu declared.

Following his visit to Hongkong, Maj.-Gen. Doihara left for Canton and arrived there in the morning of March 3. Upon his arrival there, he was entertained at a tea party by Mayor Lin Chi-wen in the afternoon and at a dinner in the evening by General Chen Chi-tang, Commander of Kwangtung Army and Lin Yun-kai, Chairman of Kwangtung.

The cool reception given by Cantonese leaders to the recent Sino-Japanese overtures augurs ill for the success of Major-General Doihara's visit to south-west China, according to a *Reuter* report from Canton March 4. What the purpose of that visit may be can only be guessed, mut in spite of denials it is generally believed that he has come to interview south-west leaders in an endeavour to bring Canton within the scope of any Sino-Japanese rapprochement.

A conspiracy of silence surrounds the visit. Major-General Doihara himself declines to make any comment, while the local newspapers have been instructed by the authorities to refrain from publishing anything about his movements and activities. This ban has served to increase, rather than diminish, the speculation aroused both in Chinese and foreign circles concerning the real mission of this chief of the Kwantung Army's special service department.

Interview by *Reuter* March 5, Hsiao Fu-chen, prominent member of the South-west Political Council, revealed what had actually transpired at the meeting between the Japanese soldier-diplomat and himself. He declared that Major-General Doihara had emphasized that his mission had no military or political responsibility, but that he was fulfilling a wish to visit the cradle of the Chinese revolution.

Mr. Hsiao stated that the question of rapprochement between China and Japan was discussed in a general way. He had informed the soldier-statesman that Canton was in favour of such a move in principle, but that co-operation in such a scheme must be based on mutual equality in accordance with the teachings of the late Dr. Sun Yat-sen.

Mr. Hsiao said he had also informed Major-General Doihara that the past blunder of Japan in employing force in her dealings with China must be rectified as the existence of friendly relations between the two countries could never be built upon the basis of a one-sided force.

After a two-days' visit to Canton, Major-General Doihara left for Kwangsi on March 5 by air. It is expected that he will interview the Kwangsi military leaders, General Pai Chung-hsi and General Li Tsung-jen, at Nanning, the capital of the province, before returning to Canton on March 8.

DR. WANG CHUNG-HUI DEPARTS FROM JAPAN AFTER SUCCESSPAL MISSION

"I leave the hospitable shores of Japan for The Hague happy in the belief that something has been accomplished to end the unfortunate estrangement which has prevailed between two great countries of the East during the past few years, with serious repercussions not only to China and Japan but to the harmony of the world in general."

This important declaration was made on March 4 by Dr. Wang Chung-hui, Chinese judge at the Permanent Court of International Justice at The Hague, in a statement issued on the eve of his departure from Tokyo.

Dr. Wang expresses particular appreciation for Mr. Hirota, the Japanese Foreign Minister, who, he says, has "amply demonstrated the sincerity of his desire to pursue a peaceful policy towards China based on non-aggression and non-menace.

Dr. Wang sailed from Yokohama by the s.s. Empress of Canada March 5 for the Hague by way of America. Dr. Wang is scheduled to embark on the s.s. Majestic leaving New York on March 22 for Europe.

ARIYOSHI SAID RETURNING TO JARAN SOON

According to information from Japanese sources, Akira Ariyoshi, Japanese Minister to China, is shortly returning to Japan for a visit and is scheduled to leave Shanghai on March 22 by the s.s. Nagasaki Maru. Mr. Ariyoshi left

Shanghai in the night Mar. 6 for Nanking, where he was to confer with Wang Ching-wei, president of the Executive Yuan on Sino-Japanese problems.

The removal of the Shanghai Office of the Japanese Legation which was scheduled to take place on the 1st of this month, has been postponed. The information states that as soon as definite instructions are received from Tokyo by the Legation authorities, the removal will be effected immediately.

SMUGGLED GOODS FROM JAPAN CONFISCATED

Two Customs officials were injured and over $100,000 worth of smuggled goods seized as a result of a search by the Customs of the Japanese steamer "Kwangtung Maru," which arrived at Amoy March 4 from Formosa. At the request of the local Customs Administration, three Japanese who assulted the Customs examiners were arrested by the Japanese Consulate.

AGREEMENT REACHED ON SETTLEMENT OF WAR ZONE ISSUES

Definite agreement is understood to have been reached between the Chinese and Japanese authorities regarding the settlement of the various outstanding issues in the Demilitarized Zone. The settlement will be effected in accordance with the following three steps:

First. The various irregular units of the Peace Preservation Corps in Yutien (Luantung) will be transferred from the district. The troops under Feng Shou-pang are to be temporarily stationed at Tangshan under the direction of Gen. Chao Lei, while those under Sun Chi-chow be transferred to Tungchow for further training. General Chang Yun-sheng has been appointed commander of the new Peace Preservation Corps in Yutien.

Second. The new Provincial Peace Preservation Corps will be dispatched to Luantung as soon as the present irregular units complete evacuation of the area. The number of the men of the Corps and the types of their military equipment will be regulated in accordance with the agreement reached.

Third. The retrocession of Malanyu pass and the east Nanchu Imperial Tombs will be effected after the completion of the foregoing two steps.

Col. Takahashi, Japanese Military Attache, left Peiping for Changchun March 5 to report on the settlement of the above issues to the Japanese Kuantung Army Headquarters.

Major-General Hamada, Commander of the Port Arthur fortified zone, arrived at Peiping March 1 on a sightseeing tour. Captain Torida, Chief of the Aviation Section of the Japanese Kwantung Army, is also visiting Peiping.

General Yu Hsueh-chung, Chairman of Hopei and concurrently Commander of the 51st Army, interviewed at Nanking on March 4 that there are two important tasks confronting the Hopei Provincial Government, namely, the settlement of various pending issues affecting the "demilitarized zone" and repairs to the breached dykes of the Yellow River in southern Hopei. As a result of protracted negotiations between the Chinese and Japanese representatives, concrete measures for the despatch of the new peace preservation units to the "demilitarized zone" have been reached and the transfer will be made in due course. Further efforts will be made to seek a solution of other issues.

According to a report from the Hopei Provincial Department of Finance, about 120 kinds of exorbitant levies and miscellaneous taxes, yielding $300,000 monthly, are to be abolished in March

TAX DISPUTE BETWEEN SUIYUAN AND MONGOLIA NEAR SETTLEMENT

Through the good offices of the Peiping Branch of the Military Affairs Commission, the dispute between the Suiyuan Provincial Government and the Mongolian Political Council will be amicably settled. A preliminary agreement for the settlement of the dispute has been reached following negotiations by Hsiao Jen-yuan, Counsellor of the Peiping Branch of the Military Affairs Commission, with Prince Te-Mu-Chu-Ko-Tung-Lu-Pu, Secretary-General of the Mongolian Political Council, and with General Fu Tso-i, Chairman of the Suiyuan Provincial Government. As a result of the conversations, the following measures have been tentatively decided upon:

(1). Customs Stations established in Mongolia by the Suiyuan and Charhar Provincial Governments are to be abolished.

(2). The bandit-suppression forces despatched to Mongolia by the Suiyuan Provincial Government are to be withdrawn from Mongolian territory.

(3). Part of the revenues collected in Mongolia are to be remitted to the Mongolian Political Council.

ANOTHER VERSION OF THE DISPUTE

Mongol circles in Peiping regard the situation concerning Inner Mongolia as serious, according to a Peiping dispatch of the *North China Daily News* on March 3.

The Chinese are demanding the abolition of the tax-stations that have been established by the Mongol Political Council on the southern frontiers. The Pailingmiao Council is demanding the immediate withdrawal of the troops of General Fu Tso-yi which are encircling Pailingmiao, and have again taken up very strongly the disappearance since last September of the Mongol delegate Han Feng-lin. If Mongol demands are not met within an early period, an armed clash appears to be probable, with far-reaching results.

Reuter says that a tentative agreement has been reached, reported to consist of three principles:

1.—The Mongolian Political Council undertakes to abolish the tax stations established along the Suiyuan border.

2.—The Suiyuan provincial government engages to withdraw at once the provincial forces sent to the border of Pailingmiao shortly after the outbreak of the recent trouble.

3.—The Suiyuan provincial government agrees to give a part of the revenue collected from Mongols in Suiyuan to the Mongolian Political Council.

SINKIANG OFFICIAL TELLS OF CONDITIONS IN BORDER PROVINCE

Kao Hsi-ping, Provincial Commissioner of Reconstruction for Sinkiang, declared at Nanking March 1 that the proceeds of the proposed loan from Soviet Russia will be expended on reconstruction work in Sinkiang province. The agreement has been mailed to the Capital and will be signed after it is duly approved by the Central authorities. A list of the Russian experts whom the Sinkiang Provincial Government intends to employ, he added, will also be submitted to the Central Government. Mr. Kao is leaving Nanking soon for Hupeh to see General Chiang Kai-shek.

In an interview Mr. Kao declared that due to bad communications as well as the warfare in Sinkiang, people outside the province have often been misinformed about the true conditions there. After the conclusion of hostilities last August, however, the Sinkiang Provincial authorities have been exerting efforts towards troop disbandment, reconstruction and reclamation.

Much difficulty is being encountered in civil administration, Mr. Kao continued, owing to the differences in race, language, religion and customs among the population of Sinkiang. In this connection, the Provincial Government is endeavoring to secure the cooperation of leaders of the various races by enlisting their service in the Government in the capacity of Deputy Commissioners of various Provincial Departments.

With regard to finance, he said that the issuance of paper notes, necessitated by unfortunate circumstances, will be stopped as soon as peace is completely restored in the province. A subsidy will be sought from the Central Government to make up for the deficit in the budget.

GEN. CHIANG KAI-SHEK ARRIVES IN SZECHUAN TO DIRECT ANTI-RED COMPAIGN

To give personal attention to the campaign against the "Reds" in Szechuan, General Chiang Kai-shek, President of the Military Affairs Commission, arrived at Chungking from Hankow by airplane March 2.

"I have come to alleviate the sufferings of the people and to reconstruct Szechuan Province," said General Chiang Kai-shek, in the course of an address at the weekly memorial service in Chungking March 4.

Paying tribute to the progress of civil administration in Szechuan, General Chiang said that due to the vastness of the province, the immense size of its population and its high culture, Szechuan, with its past revolutionary history, is destined to be a model province if the Party comrades would continue to work in unison as they have done so admirably in the past.

During the last 24 years, General Chiang continued, not much has been accomplished in the way of national reconstruction, for two reasons. Firstly, the task was considered too easy; and secondly, the people and the Government were too cagen for quick results. Henceforth, the work must be undertaken without interruption and with less haste; as only thus can difficulties be overcome and great deeds accomplished.

Referring to an old saying that "Szechuan is ahead of other provinces in domestic disturbances and the last in pacification," General Chiang said that due to the vital relationship between Szechuan and the rest of the country, so long as the situation in Szechuan is not settled, repercussions are bound to be felt in the other provinces.

He therefore urged all comrades in Szechuan, particularly those charged with heavy responsibilities, to exert their utmost for the reconstruction of Szechuan so that the country, by virtue of the good influence, may be well launched on the road to national regeneration.

Prior to his departure for Szechuan, General Chiang held a conference with Dr. H. H. Kung, Minister of Finance and T. V. Soong, leading of the National Economic Council at Hankow on March 1 on the financial problems of the country.

DR. KUNG IS CONFIDENT IN GOVERNMENT'S FINANCIAL POSITION

"There is obsolutely no change in the Government's policy regarding China's monetary problems, which has been voiced time and time again." This statement was made by Dr. H. H. Kung, the Minister of Finance, in an interview which he granted to *Reuter's* correspondent at Hankow at the close of a onference with General Chiang Kai-shek on March 1. The statement was made in reply to a question about the country's "exchange uncertainties."

Dr. Kung denied that the visit of T. V. Soong and himself to Hankow—whither they fiew from Nanking Feb. 28 to see the Generalissimo—had any bearing on China's exchange problems. His talk with General Chiang was connected with the military estimates in preparation for the next National Budget. They also discussed the monetary affairs of Szechuan Province.

The Wuchang Provisional Headquarters of the President of the Military Affairs Commission was formally inaugurated March 1. General Chiang Kai-shek officiated at the ceremony with 400 officials present, including General Chang Hsueh-liang, Director of the Administrative Office of the Provisional Headquarters, General Chien Te-chun, Chief-of-Staff, Mr. Yang Yung-tai, Chief Secretary, and General Cheng Chun, Chairman of the Hupeh Provincial Government.

Speaking at the occasion, General Chiang outlined the work in the immediate future of the Provisional Headquarters. In order to enforce the Three People's Principles *(San Min Chu I)* as expounded by the late Party Leader (Dr. Sun Yat-sen), General Chiang said, two things must be done; on the one hand, the people must be educated, and on the other, military discipline must be enforced. On the basis of this general principle, the work of the Provisional Headquarters, he continued, will be twofold; firstly, to continue to prosecute the bandit-suppression campaign, and secondly, to carry out fundamental social reforms.

RERORTED STRENGTH OF COMMUNISTS IN WESTERN CHINA

According to information from foreign sources in Hankow, the latest returns with regard to communist leaders with the present strength in armed men are as follows:

Crossing through northern Yunnan: Chu Teh and Mao Tse-tung	50,000
Northern Szechuan and southern Shensi: Hsu Hsiang-chen	60,000
At Tayung, northwest Hunan: Ho Lung and Hsiao Keh	20,000
At Suishan and Yuyang south Kweichow: Tung Cheng-tang	20,000
Southeastern Shensi: Hsu Hai-tung	3,000
At Antung, Laoan and Ansei in North Shensi: Lou Tse-tan and Hsien Hao-ju	3,000
Hupeh-Honan-Anhui border: Wu Han-hsien	5,000
Scattered in south Kiangsi: Hong Ying	20,000

It is of interest to note that a little while back the communnists averred they had a backing of 300,000 armed men. Their recent statements have decreased this to 200,000 while Government circles place the total at 100,000.

SZECHUAN ARMY REMOVES HEADQUARTERS TO LUCHOW

A Chengtu message reports that with the shifting of the scene of fighting along the Szechuan-Yunnan border to the Szechuan-Kweichow border, General Pan Wen-hua, Field-Commander of the Southeru Route Band-suppression Forces in Szechuan, has removed his headquarters eastwards to Luchow, southern Szechuan, from Suifu, in order to prevent the "Reds" re-entering southern Szechuan.

Failing to invade southern Shensi, the "Reds" under Hsu Hsiang-chien have retreated to their only remaining stronghold at Nankiang, in northern Szechuan. With their main forces concentrated at Chiaochangpa, north of Nankiang, the "Reds" have also built strong defences at Huangtsangpa, south-west of Nankiang, in order to stem the advance of the 1st and 2nd Routte Armies under Generals Teng Hsi-hou and Tien Sung-jao of the Szechuan Bandit-suppreession Forces.

The two Szechuan armies have taken over the garrison posts at Kwangyuan and Chaohwa, vacated by the 1st Government Division under Lieut.-General Hu Tsung-nan, which has been transferred back to Kansu to prevent the entry of the "Reds" into Kansu.

KWEICHOW REDS AGAIN INVADE HUNAN

Blocked by troops in North Kweichow, the communist bandits under Chu Teh and Mao Tse-tung have now turned southward and have invaded Hunan. Breaking through defense lines formed by troops under General Chen Chu-cheng, once dubbed "Uncrowned King of Western Hunan," the vanguard of the communist-bandit forces has reached Siantan, penetrating the defense troops' line between Tsungi in Kweichow.

An insight into the appalling conditions in certain areas in Kweichow Province, recently devastated by the Communistts, is given in a report received from the Governor, Gen. Wang Chia-lieh. A famine followed in the wake of the Red ravages, he states, and the bones of the dead now are piling up along the main roads from Yinkiang to Yunanho. The inhabitants of many villages are starving. Many are living in caves and subsisting on tree roots, while others have preferred to end all by committing suicide.

YUNNAN CLEARED OF RED TRACES

All traces of the "Reds" have been completely eradicated from northern Yunnan, according to military reports received at Hankow. The reports state that a part of the remnant "Reds" under Chu Te and Mao Tse-tung in an attempt to regain a foothold in northern Kweichow after unsuccessfully invading southern Szechuan and northern Yunan, was badly beaten by the Szechuan "Model" Division under Lieut.-General Kuo Hsun-ch iat Taipingtu, near the Kweichow-Szechuan border.

SHENSI REDS SUFFER HEAVY LOSSES

Interviewed on the bandit situation in Shensi, General Yang Hu-cheng, Vice-Commander-in-Chief of the 3rd Route Army of the Bandit-suppression Forces, stated that the Shensi troops are fighting against two groups of "Reds" in southern Shensi. The first group entering south-eastern Shensi from western Honan belongs to the 25th "Red" army under Cheng Tzu-hua and Hsu Hai-tung. Due to the repeated attacks of the Shensi units, the bandits have been reduced to a few hundreds. The second group, entering southern Shensi from northern Szechuan, belongs to the outlaws under the notorious Hsu Hsiang-chien. After suffering several defeats at the hands of the Shensi troops, they have fled to Fenghuang Shan (Mountain) with the Shensi forces in hot pusuit.

PROTECTION OF LIFE, PROPERTY AND FREEDOM URGED BY NANKING LEADERS

Protection of individual life and property and of the freedom of the people in the pursuit of their profession or occupation, is to be reaffirmed in an order to be issued by the National Government to its subordinate organs. A decision to the above effect was adopted at the meeting of the Central Political Council on Feb. 27 in compliance with the joint proposal of President Wang Ching-wei and General Chiang Kai-shek.

Bank Itself Evidently "Bought" Cotton Mill

Japanese interests, one and all, during the week denied that Otoichi Okamoto, Japanese lawyer, who secured the title to the No. 7 mill of the Sung Sing Cotton Spinning Company at an auction Feb. 26 for $2,250,000, was acting on behalf of Japanese. The Shanghai *Mainchi*, local Japanese newspaper, reported that "observers" were of the opinion that the Hongkong and Shanghai Banking Corporation itself was the actual purchaser, and later developments indicate that such may be the case. The *Mainichi* stated that the equipment and machinery of the No. 7 Sung Sing Mill is so antiquated that it bars the plant from entering the present rivalry in world textile circles.

Dr. O. Fischer, representing the Bank of China and the Shanghai Commercial Savings Bank, issued a statement during the week pointing out that the consent in the mortgage deed given by the Sung Sing Mill to the Hongkong and Shanghai Bank to agree to foreclosure without formal proceedings in the Court having jurisdiction over him, is contrary to the obligatory stipulations of Chinese Law and void. Mr. Yung furthermore agreed in the mortgage deed that whatsoever questions should arise between him and the mortgagee, the principles of British Law should apply. Mr. Yung, being a Chinese citizen subject to Chinese laws and jurisdiction, agreed to something to which he possibly could not agree. No private citizen, Dr. Fischer argued, has the right to submit himself to the laws of another country nor to cast aside the jurisdiction of the competent court.

Dr. Fischer negotiated with the Bank and asked it to put off the intended auction sale for three months and on behalf of his clients offered the Bank as a consideration a cash payment of Shanghai Dollars 120,000 which fully or partially could be kept by the Bank if they could not sell then the property for the full amount of their claim. Thereby they second mortgagees would have a chance to sell the property within the three months or to make suitable arrangements with Mr. Yung. The Bank did not agree to this.

Thereupon application was made to the Chinese Courts for an attachment on the mill on behalf of the second mortgagees, and this was granted, but, despite protests to the auctioneers, they held the auction as advertised. One of the Chinese judges delegated by the President of the 1st Special District Court personally called on the British Consulate for the purpose of having the Court's order served on the auctioneers and the Bank, and a second visit to the Consul General for the same purpose in the afternoon before the auction had started, was without success and the British Authorities refused to serve this order on the respective parties.

Dr. Fischer emphasizes that the Hongkong & Shanghai Banking Corp., well knowing and being expressly informed about the second mortgages claim of Sh.$2,800,000, completely ignored their rights and interests and limited the reserve price just to its own claim under the mortgage and this in spite of the fact that the real value of the property is at least double and in fact considerably more than the amount of the Hongkong & Shanghai Banking Corporation's mortgage. The Bank has completely ignored the fact that this is hardly the appropriate time to put up such big property for sale by public auction and to do so with such short notice to the public, thereby seriously damaging the rights of the owner of the mill and of the second mortgages.

The mill is situated on few 4 British lots, Title Deeds Nos. 8386, 8387, 8388, 9654 covering 67 mow of land situated in the Eastern District.

Dr. Fischer proposes to have an application made to the Shanghai Special District Court for an order restraining the Chinese Land Office from issuing, until the whole issue is decided by the competent Court, any new title deed or title deeds covering the said property of the cotton mill. Meanwhile the Chinese Court's attachment is still in force and possession cannot be taken by the buyer except by force.

Bank Willing to Cancel Sale if Loan Is Paid

In the meantime a tentative plan for the transfer of the Sung Sing No. 7 Cotton Mill to Chinese government control has been discussed between the ministries of industry and finance and the Hongkong & Shanghai Banking Corporation. No definite arrangement has so fair been made for payment of $2,250,000 representing the mortgage deal concluded by Yung Chung-ching, mail proprietor, with the bank. Information from reliable sources states that the Hongkong and Shanghai Banking Corporation, which ordered the auction sale of the No. 7 cotton mill of the Chinese textile company, has expressed willingness to cancel the sale if the Sung Sing Company has definite measures for repayment of the loan.

It is also reported that though the cotton mill has been auctioned off, the purchaser (whoever it may be) would not be in the way if definite settlement could be reached between the Company and the Hongkong and Shanghai Banking Corporation. It is believed that $250,000, representing the amount of accumulated interest which the Sung Sing Company owes the banking corporation, will be paid off first, while the $2,000,000 representing the loan in default will be repaid in four instalments. Compliance with this arrangement, according to a member of the central government, on the part of the bank, has been obtained, and the initial difficulties have been overcome, he said.

Yung Chung-ching, proprietor of the mill, and mortgagor, is understood to have signified his willingness to have the mill pass into Chinese government control, but declared that the local Chinese banking syndicate with which he concluded a second mortgage on the mill must approach the government authorities for settlement of the unpaid money for the second mortgage.

Chen Kung-po, minister of industry, who has been investigating the complicated situations arising from the sale of the mill property by the Hongkong & Shanghai Banking Corporation to interests represented by Mr. Okamoto, purchaser, since his arrival here on February 26, returned to Nanking on Sunday, to report to Wang Ching-wei, president of the Executive Yuan, on the results of his investigations.

Interviewed by a representative of the *Central News* Agency concerning the conditions of the Sung Sing mill prior to the auction of the No. 7 mill by the Hongkong & Shanghai Banking Corporation, Tang Yu-jen, Vice-minisier of Foreign Affairs, gave the following report and comment:

"The Sung Sing Company in Shanghai experienced great financial difficulties last year. The National Government called at that time a conference of several Shanghai bankers to discuss ways and means of relieving the Company's plight. Those who attended the conference included Chang Kia-gnau, General Manager of the Bank of Chian, Chen Kwang-fu, Chairman of the Cotton Control Committee, and Yung Chung-ching's brother.

"It was decided at the meeting that the Government, in cooperation with the banking circles would raise funds to help the cotton mills. Meanwhile the Cotton Control Committee of the National Economic Council was requested to dispatch experts to the mills to reorganize its management along scientific lines. Proposals were also made to purchase new machines to replace the old ones so that the quality of products could be improved and production increased.

Owner Did Not Improve the Mills

"Contrary to expectations the proposals for reorganization and improvement of the mills had not been carried out Yung Chung-ching, owner of the Sung Sing Company. For this reason the matter has been left there without further discussions since then. On February 26 the Government suddenly received two telegrams from the Shanghai Chamber of Commerce and the Shanghai Cotton Mills Association stating that the Hongkong and Shanghai Banking Corporation, on account of its inability to seek repayment of debts from the Sung Sing Company, decided to have the No. 7 mill auctioned off in order to collect funds. The Government has shown much concern over affairs of that Company, but in view of the extreme secrecy with which that mill conducted its business operations, the government was not in a position to obtain a true picture of its existing condition. Before the auction took place the Government had received no information whatever from any sources regarding the matter."

In this connection the *North China Daily News* said:—"It is understood that responsible Chinese commercial opinion strongly deprecates agitation over the sale of the cotton mill, especially in relation to the criticisms of the Hongkong & Shanghai Banking Coporation. It was pointed out that the action of the Bank was strictly in accord with the recognized legal rights of mortgagees. Agitation which tends to question such rights strikes at the root of the principles on which so important a part of Shanghai's interests depends. The sanctity of contracts is endangered by any such ill-advised criticisms. Chinese no less than foreign merchants are concerned in his matter. Moreover a Chinese banker was disposed to regret that this agitation should be directed against a Bank which, during the difficult days of 1932, rendered notable services to both Chinese and Japanese Banks here, and in rendering those services, the efforts of A. S. Henchman himself were specially notable and are gratefully recalled."

Auction Sale Invalid According to Chinese Law

In connection with the sale by auction of the No. 7 Mill of the Sung Sing Cotton Spinning and Weaving Company at Shanghai by the Hongkong and Shanghai Banking Corporation, which holds an mortgage over the property, Lin Yin-shu, Director of the Department of Industry of the Ministry of Industry, declared that the deal is invalid according to Chinese Law and that measures were being taken to prevent it being concluded. Mr. Lin said that according to Articles 873 of the Chinese Civil Code, the mortgagee has no right sell the mortgaged property on his own accord upon failure of the mortgagor to redeem it when payment of the debt is due. The mortgagee can only file an action against the mortgagor in the Court having jurisdiction and petition the Court to order the sale by auction of the property to satisfy his claim.

The Truth About Sino-Japanese Relations

BY C. Y. W. MENG (孟長泳)

FOR the past few weeks we have seen the coming to China and going to Japan of Japanese and Chinese officials, respectively official or unofficial, to discuss the future of the Sino-Japanese relations. Their discussions have centered upon the formation of Sino-Japanese "joining hands", or "co-operation", etc. Both of them have expressed their satisfaction. Japan claims that "Japan is now being better understood by China" (quoted from Mr. Hirota's speech)—while China claims that she now realizes the "Japanese good intention towards China" (quoted from Dr. Wang Chung-hui's speech). Whether what they say represents what they have in mind, we do not know. But at any rate, it seems that both China and Japan have now determined to forget all their past ill-feelings and to pack up their differences. The gravity of the so called "Manchurian situation" seems now to have greatly abated. Would the peace in the Far East be thus saved?

Sino-Japanese "Cooperation"—Japanese Point of View

Since the fall of Changteh (capital city of Jehol), it has been the policy of the aggressor that the military phase of the Japanese actions in China may cease for a while. The problem before the aggressor is not to further the invasion at once, but rather to consolidate themselves in the newly acquired territory; to cool down the Chinese bitter feeling; and to stop China from turning to the West for assistance and cooperation. The vigorous reconstruction in Manchuria, such as the construction of the net-work of railways, development of industries by enforcing systems of monopolies, etc., indicate clearly that the invaders are settling down in Manchuria.

Japan's New "Friendship Drive" in China—Another "Nishihara" Loan?

In dealing with the Chinese, the aggressors believe that they could do no better than resort to the usual diplomatic gesture of "friendship drive" with the Chinese. Sino-Japanese history is full of instances how the Japanese after succeeding in causing China to yield to their demands began the "friendship drive" to regain their friendly feeling with the Chinese. In order to do so, as it was in the past, Japan is willing to offer many inducements, the most effective of which is to lend money to China. The aggressors, they remember vividly how during the past "Anfu" days when "money could conquer China!" The aggressor is apparently still thinking so! So today, besides the numerous talks about and current reports on Sino-Japanese co-operation, there has also been much talk about Sino-Japanese "loan negotiations", to assist the reconstruction of China. The Chinese leaders in the Government have also openly expressed their approval of employing "foreign capital," adding that the employment of foreign capital in industrial reconstruction is expressly provided for in Dr. Sun Yat-sen's teachings. That is, they have no objection to employing foreign capital, which, of course, includes "Japanese capital."

It needs no repetition that China is badly in need of money for internal development. China made many attempts before, to seek for foreign financial assistance. T. V. Soong in going to London to represent China in the World Economic Conference did make another effort to seek foreign loans from America, Great Britain and Germany. While he was only able to arrange a credit loan in America, known as Sino-American Cotton-Wheat Loan, he failed ultimately in Lodon and Berlin. There is no denial the fact that the aggressor is taking advantage of the Chinese failure in London and Berlin to placate China with Japanese money!

Quite contrary to what is generally expected, the aggressor is not likely to extract any harsh condition for the loan. As was the case before, the definite amount of this loan may never be known to the public. Whether the aggressor would succeed this time, or whether there is "another" Anfu regime in Nanking, we do not discuss here. What we want to discuss is that such apparently is the intention of the aggressor to advance another "Nishihara loan" to China to conquer China by money!

The Abolition of Extrality

We are further under the impression that the aggressor is likely to offer many bigger inducements to China, such as the abolition of "extrality!" The aggressor knows well that extrality in China is bound to go soon or later. As a friendly move, there is every possibility that the aggressors would take this move as part of their "friendship drive".

A short time ago a report had it that Japan is contemplating the abolition of extrality in Manchukuo. Shortly following, another report had it that Japan would also abolish extrality in China. But curiously enough, only two or three days later, another report in the Chinese papers had it that America has also decided to abolish extrality in China by "gradual process"—first in the interior of China, then in some treaty ports, and finally in Shanghai, involving a period of ten years. (see *Shanghai Morning Post* or *Chen Pao*, February 24.) There is no doubt that there is a "race" between America and Japan on the abolition in China, the former's motive being their unwillingness to let the latter take the initiative; that of the latter being part of their "friendship drive" move.

Chiang-Ariyoshi-Suzuki Conference aud Sino-American Co-Operation

This leads us to realize another important task before the aggressors, that is, the present efforts on the part of the aggressors to keep out the Anglo-American-Russian influence in China, in very much the same way as the aggressors' efforts to kick out the "third party" at the time of "Shantung negotation." The aggressor's intention is to make China to turn to the aggressor but not to the West for assistance and cooperation, and their underneath motive is to have a "free hand" in China.

No one knows, of course, what is the content of the "Chiang-Ariyoshi-Suzuki (General Chiang Kai-shek, Mr. Ariyoshi and General Suzuki) Conference" in Nanking, and "Wang-Hirota (Dr. Wang Chung-hui and Mr. Hirota) conference" in Tokyo, though we know generally that they discussed the Sino-Japanese "joining hands" or "co-operation", etc. But the *Revue Diplomatique* (Vol. 73, No, 4. page 188.), generally known as the official organ of the Japanese military staffs in dealing with the "Sino-Japanese important conference in Nanking," has said that the following are the "fundamental and general principles of Sino-Japanese co-operation" (Roughly translated by the writer):—

1. "*Political Problems*:—The National Government of China should abandon her former policy of relying upon the American and European nations for assistance. Both China and Japan should pledge themselves to have closer relations hereafter, and to settle all 'pending problems' by the Doctrine of Eastern Asia. The existence of Manchukuo is now defintely recognized. Both China and Japan should share the responsibility of maintaining peace in Eastern Asia."
2. "*Economic Problems*:—The National Government of China should abandon the employment of foreign capital from American and European nations, and should suppress the anti-Japanese activities. China, Japan and Manchukuo should help each other and should co-operate towards development through their own efforts."
3. "*Military Problems*:—For the security in Eastern Asia, China should discard her policy of 'playing off one barbarian against the other', and China should also abandon her policy of purchasing arms from the American and European nations."

The latest report on the Japanese opposition against the American-European assistance in China is Mr. Hirota's open attack on the Anglo-American Co-operation, when the Tokyo foreign minister cursed such co-operation as the "ringleader in the destruction of the world peace!"

American-Japanese Struggle for "Market" in China

That the aggressor has entertained much 'fear" of the Almighty Dollar is also-self-evident. As Mr. Sokolsky well points out in his article on "Why Fight Japan" (*Current History* for February, 1935.) when he says: "Therefore the argument proceeds, if the New Deal should fail, it will become necessary for the U.S. to enter the Chinese market aggressively. The Japanese fear as well. Some Japanese go even further. They fear that if re-employment fails in the U.S., a war with Japan may become an economic necessity, It is the fear which is played upon by Japan's apostles of a big navy"

America has now awakened to her past blundering policy in the Far East, and is taking a more positive policy, and is very interested in the trade possibilities in the Far East. Undoubtedly such move on the part of the U.S. Government is much envied by the aggressor! After all, it is only another struggle for markets in a backward country, which, as our experience tells us, generally culminates into an armed conflict among the capitalists themselves. Whether the U.S. is taking action too late, and is likely to be defeated in its competition with the aggressors for the market in China, we do not discuss here, though we are inclined to believe that the U.S. is likily to fail in its struggle for markets in China.

At present, the aggressors are demanding the suppression of "anti-Japanese activities" in China. But it must be pointed out that the aggressor not only considers the holding of Chinese mass meetings, burning of Japanese goods, etc,. as anti-Japanese activities, but also such matters as, the employment of American advisers, or American capital purchasing of arms from America, etc. In other words, by anti-Japanese activities, they include to mean any close contact between China and foreign powers, other than Japan. By suppression of the anti-Japanese activities, it really means that China should not have any closer contact with any foreign power, other than the ordinary diplomatic and social intercourse.

Chinese Point of View—Chinese Policy Analyzed

Let us now study the situation from the Chinese standpoint of view. The flowery "statements," "manifestoes", etc., so frequently issued by the Chinese leaders today, do not tell us the real Chinese policy. But the slogans on the wall, visible everywhere in the Capital, posted by different organs tell us better the tendency of the Chinese policy. Before the slogans on the New Life Movement were posted, we saw such slogans as "to resist the foreign aggression we must first pacify the condition within, etc." Such has apparently been the Chinese policy since September 18, 1931. So China went on with her so-called "suppression campaigns" in many of the provinces, even when China was at war with the aggressor in the North!

Further, if the observers have followed the events in China quite closely, they will realize that the present tendency of the Chinese policy is essentially one of Dr. Stresemann's "compliance policy" or a "policy of fulfillment and reconciliation." One of the great accomplishments of the Dr. Stressemann policy was the signing of the Locarno Agreements whereby Franco-German feeling was much improved; France was assured of holding Alasce-Lorraine, and Germany renounced her intention of a "war of revenge," etc. To some Chinese, China might well sign also "Locarno Agreements" with the aggressor whereby the Sino-Japanese relations would be improved, and the aggressor might be induced to re-enter the League of Nations. Such "Locarno Agreements" might be in many forms, such as the Sino-Japanese "Defensive Alliance," "Non-Aggression Pact," etc. Mr. Ariyoshi, the Japanese minister to China, visited Nanking, on December 27, 1934, and was reported to have brought with him the draft Sino-Japanese non-aggression pact, which according to the current report, is lengthy and complicated, embodying various phases of the Sino-Japanese relations, political, economic, military, etc.

China at the Crossroads—China's Turn in Wrong Direction!

There is no doubt that China is at the crossroads. As in the case of Germany, the German statesmen were divided on the question of whether the new orientation should look eastward or westward, toward Societ Russia or the Allies, so with the Chinese leaders on the orientation of China towards America-Europe or to Japan. But what the Japanese are doing is to make China take the second alternative, and due to the Chinese "compliance" policy, China is likely to do so.

But the question is: Is the situation in the Far East the same as that in Rhine? Is our aggressor's policy, intention and plan the same as that of German's aggressor? Dr. Stresemann's policy of "compliance" might have saved Germany from the "deepest valley on defeat," but would the same policy save China, or would it virtually lead China to subjection to Japan domination? All these questions must be studied carefully by the Chinese leaders before they form and adopt any policy!

9-Power Treaty Signatories Should Act and Help China

It will be seen that though China and Japan are talking about "peace," "friendship," "co-operation" etc., their realistic intention as well as their final motive is different. China does so because she wants to maintain the peace in the Far East. But Japan does so because she aims at (1) reducing China to complete submission; (2) forcing China to accept Japanese political economic and military domination; and (3) inducing China to recognize Manchukuo and to enter a military convention with Japan. Needless for us to say that China is now facing what virtually could be called the most difficult situation which the Chinese now call the "national crisis;" and that China has to find a way out of the impasse and that China is forced to adopt the "compliance" policy, "agreement" diplomacy, etc. But the question is; Should the powers of the Nine-Power Treaty stand still, and see and allow China to be dominated and subjected by Japan, or take action, not only to help this young Republic to resist the aggression, but also to uphold the sanctity of the Treaty and to maintain the peace in the Far East—a duty which legally as well as morally binds the Powers to do; and the present moment is the last chance for them to do so before it is too late. So, on one hand, we urge Nanking to discard the policy of "pacifying the condition first," or the "compliance" policy, etc., but turn to the right direction for co-operation; and on the other, we urge the powers to the Nine-Power Treaty to take action NOW to thwart the aggression in China!

Nanking, March 1, 1935.

"Lives of a Bengal Lancer" Film Banned by Nanking

The film censorship board in Nanking has banned "The Lives of a Bengal Lancer," which the Paramount organization consider to be their best for some months. No official explanation was given for the ban and every effort is being made to appeal against the decision. It is believed that the film is to be shown to the Municipal censors here and to officials of British Consulate-General, in order that they may form an opinion on the picture, the story of which takes place in British India.

"The British Agent" Passed by Hongkong Censors

"The British Agent," a film based on the activities of R. H. B. Lockhart, who wrote a book entitled "Memoirs of a British Agent"—which was first passed by the Chinese censors and later banned—has in the meantime been sent to Hongkong, where it was passed by the Censor Board, without any part of it being eliminated.

$1,400,000 for Yellow River Engineering Work

With a view to safeguarding the Yellow River from overflow during the forthcoming spring tide, the Hopei Provincial Department of Reconstruction has decided to raise a sum of $1,400,000 for the various engineering projects for the section of the river in Hopei. It is stated that the above decision, together with plans for strengthening the river banks and dredging silt have been submitted to the Central Government for approval.

The Yellow River Conservancy Board is planning to open a special class at Kaifeng for the training of conservancy inspectors. The Provincial River Affairs Bureaus for Honan, Hopei and Shantung as well as the District Governments along the river have been requested to recommend students for training.

Rise of Yellow River Causes Anxiety

The continuous rise of the Yellow River in southern Hopei is causing renewed uneasiness in the Kuantai Area. Advices from the Provincial River Affairs Bureau state that the water-mark at the eastern dyke in Kuantai registers 18.9 meters and at the western dyke 18 meters. To offset the weakening of the embankments, steps are being taken to strengthen the dykes and avert flooding.

Afforestation as an Aid to Flood Prevention

A five-year afforestation plan for the upper reaches of the Yellow River has been prepared by the Ministry of Industry in order to prevent floods in the future.

Acting under the instructions of the Provincial Department of Reconstruction, Messrs. Kung Ling-yung and Sung Sen-tien, Directors of the River Affairs Bureaux in charge respectively of the Shantung section of the Grand Canal and the Siaoching Ho (River), in northern Shantung, proceeded to Nanking this week to submit detailed plans to the National Economic Council for control of the waterways.

With the advent of spring, operations for diverting the waters of the Huai Ho (River), in northern Kiangsu, into the sea, which were suspended last winter on account of the cold weather, were resumed Mar. 11 under the direction of the Engineering Bureau. Over 100,000 workers, recruited by the District Governments of Huai-an, Szeyang Yencheng, Huaiyin, Lienshui and Paoying, are now engaged in the work.

Ellis Lottery Case to Be Appealed to British Supreme Court

Fred Ellis, found guilty of operating a lottery not authorized by any act of Parliament, has filed an appeal against Magistrate C. H. Haines' decision in the British Police Court, thus taking the case to the British Supreme Court. The appeal will be based on the point that the law under which he was found guilty does not apply to British residents in China and that a new Betting and Lotteries Act has replaced the act of 1823-4, the one under which Mr. Ellis was found guilty.

Captain Jensen Retires from Dollar Line After 46 Years at Sea

Capt. Michael Marriot Jensen, master of the Dollar Line ss. *President Jackson*, will retire from service when his ship arrives in Seattle this trip. Capt. Jensen came into the public eye most recently when his officers rescued 45 Japanese officers and sailors from the sinking *Hakumen Maru* off Seattle on his last trip but one. International representatives of the Shanghai Pilots Association gathered at the American Club March 4 to say farewell to Captain Jensen. Capt. Carle, manager of the Association, and Capt. J. E. Inch made appropriate speeches. Capt. Jensen he has been at sea for 46 years.

Payments to Nanking University Not "Indemnity" Says Dean

K. C. Liu, dean of the College of Arts, Nanking Universtiy, in a recent letter to the *North China Daily News* stated that it was incorrect to say that a recent payment of 200,000 yuan in government bonds by the Ministry of Finance was "an agreed indemnity" for damages incurred during the Nanking Incident. Mr. Liu says that the payments which are being made by the Ministry are in no sense to be consided as indemnity but are to be understood as partial, but not complete, payments toward a total of 300,000 yuan promised by the Executive Yuan in November 1929.

Dr. Wang Chung-hui's Mission to Japan

BY PAUL K. WHANG (汪仲芳)

DR. Wang Chung-hui, Chinese judge of the Permanent Court of International Justice, who, up to his recent departure for The Hague, had worked indefatigably for bringing about the rapprochement between Nanking and the Southwest since his return last August, has now given his attention to a far more stupendous task—the resumption of friendly relations between China and Japan. Having won national and international fame because of his scholastic standing, he appears to fit well into the role as an agent of peace to promote the domestic and the Far Eastern peace. Although he has played this role totally in a private capacity, the importance of his mission, however, should not be belittled on that account.

During his present sojourn in Japan on his way back to The Hague via America, Dr. Wang, besides having a heavy schedule of social calls and engagements, has exchanged views on Sino-Japanese problems with practically all the Japanese political and military leaders. It is the first time since the Manchurian embroglio that a Chinese visitor to the Island Empire, either in a private capacity or on an official mission, has been so heartily welcomed and royally feted by the Japanese Government. It sounds rather unbelievable that a Chinese visitor who is said to bear no official mission should attract so much attention of the Japanese officialdom.

Dr. Wang, it must be noted, originally planned to return to The Hague via Hongkong, where he was to have a final talk with Hu Han-min on the rapprochement between Nanking and the Southwest. But at the eleventh hour, either on his own accord or on the instructions of the Nanking Government, he changed his original itinerary and took quite a circuitous route back to his post, so that he could stop over in Japan and meet Japanese officials. By this arrangement, his present visit to Japan seems to be merely incidental. But the fact that he should change his original itinerary and time his visit to Japan when Japan is bidding for China's co-operation leads us to the belief that his visit is not made on his own accord and its purpose is not merely to "renew the acquaintance of his friends in the Japanese Government".

An Official Agent of the Nanking Government

Therefore putting everything together, we incline to believe that Dr. Wang is not a private visitor, but an official agent sent by the Nanking Government to "acquaint Japan's official world with China's views on the Sino-Japanese co-operation". That Dr. Wang should be entrusted with this important task can be easily understood. At present, although the Sino-Japanese situation has become somewhat easier, yet the anti-Japanese feeling is still strong among the Chinese people. The despatch of a high official to Japan to exchange views with Japanese officials would easily invite public criticisms and opposition, and give a cause to the opponents of the Nanking Government to discredit the present regime. Therefore, as a precautionary measure, the Nanking Government has delegated this task to Dr. Wang, who, holding no office of the present government, can make his visit less conspicuous in the eyes of the Chinese public.

Besides, Dr. Wang's honesty and probity stand him in good stead, and his prestige and popularity have been considerably increased as a result of his endeavor to patch up the differences between Nanking and the Southwest. His past official records and international prestige have won him respect and confidence from his own countrymen. Therefore he is the last man who will ever be suspected as being willing to commit any misdeeds which will prove detrimental to the interests of his own country—a suspicion which would be easily aroused if any one else was sent in his place. This accounts for the reason why his present activities, although given much publicity in the vernacular press, have been watched with reticence by the Chinese people.

Moreover, being on intimate terms with the leaders of the Southwest, Dr. Wang can undertake this task without incurring denunciations from the Southwest against the policy of the Nanking Government. True, the relations between Nanking and the Southwest have been very much improved recently, but a close rapprochement is still in the making. The leaders in the Southwest, while assuming a more conciliatory attitude towards Nanking, are yet ready to seek any opportunity which can be utilized to renew their attacks against the Nanking regime so as to bring about its downfall. The Nanking officials are not unaware of this situation, and therefore they have exercised great care in choosing a representative, whose visit to Japan will not become a subject of attack from the Southwest.

That Dr. Wang's present visit to Japan will have a great bearing upon the future Sino-Japanese relations can not be gainsaid. In one sense, he looks like a harbinger on the Chinese side in the present movement of Sino-Japanese rapprochement, which has been recently initiated by the Japanese Government. Having many friends in the Japanese Government, he can freely exchange opinions with them, so as to make known China's true stand vis-a-vis Sino-Japanese problems. This free exchange of opinions may eventually result in working out a formula, which can be used to solve the present impasse.

The present deadlock situation in the Sino-Japanese relations has already very much ruffled the smooth water of the Pacific Ocean, and the Far East is now generally looked upon as most dangerous spot of the world, so far as the world peace is concerned. Because of this tense situation, the peoples in China and Japan have been on tenterhooks, and industry and commerce in these two countries have been affected. The earlier the liquidation of this situation, the better it will be for all concerned.

No Inveterate Hostility to the Japanese

The Chinese have entertained no inveterate animosity against Japan and her people. They would be more than pleased to receive the Japanese as their brothers because of the racial, historical and cultural bonds between China and Japan, if Japan could only respect China's territorial integrity and accept her as an equal. But alas! blood is not often thicker than water. The history of Sino-Japanese relations for the past three decades has been full of black deeds committed by Japan, culminating in the forcible occupation of Manchuria and Jehol. The old wounds, hardly healed, have been reopened and cut further deep, and their pains have been penetrating the heart of every Chinese. Under such circumstances, the Chinese people can not but assume a hostile attitude towards Japan and her people. But they are always ready to shake hands again with their enemy, if the latter can repent himself, change his traditional attitude and redeem his past misdeeds.

Therefore this Sino-Japanese rapprochement is not impossible if the Japanese officials are really sincere in their professions of friendship with China. We have already been surfeited with empty talks of friendship, and what we are most anxious to know is the formula which the Japanese are prepared to offer for the solution of the present impasse. Needless to add that it will be idle to indulge in talks of rapprochement, if the guilty person refuses to redeem his past misdeeds. The foundation of lasting friendship and material co-operation between China and Japan can not be aid, unless the causes of their differences be first removed.

Now the Chinese Government has already gone far enough to open a venue for peace, and it devolves upon the Japanese Government to show some concrete proofs of friendship. It is hoped that through the visit of Dr. Wang, the Japanese officials will clearly understand China's stand towards Sino-Japanese problems. Unless Japan can discard her traditional policy for territorial aggressions and return to China the Four Northeastern Provinces, China will not be able to co-operate with her on any other conditions. In a word, China wishes for an early settlement, but there must be no ignoble peace.

It must be further added that while China will welcome close relations with Japan on equal terms, she has no wish to place herself in antagonism with other nations. The suggestions that China should withdraw from the League of Nations, form an Asiatic bloc with Japan and expel American and European advisors are not compatible with the tenor of China's traditional foreign policy, which is "to maintain and promote friendly and peaceable relations with all nations". Any attempt on the part of Japan to induce China to deviate from her set course can be neither countenanced nor accepted by the Chinese people.

In conclusion, it may be pertinent to quote the following sentences from a much discussed article on Sino-Japanese relations written by Hsu Tao-lin. "Japan should understand clearly that the independence of China must be preserved before it may be truly said that the Far East belongs to the Far Eastern people. She should set it down as a permanent principle to help China to become really independent. When China has achieved full independence and co-operated with Japan on an equal footing, then Japan will be able to turn to good advantage the special position and privilege she enjoys in China, and at the same time China will be able to carry out her mission in the Far East."

NATIONAL STATE LOTTERY ADMINISTRATION

LOTTERY NO. 10

DRAWN AT THE CANIDROME, SHANGHAI, 1st MARCH, 1935

1st PRIZE: (1 of $500,000) **008996**

2nd PRIZE: (2 of $100,000 each) **063830 321320**

3rd PRIZE: (4 of $ 50,000 each) **035845 249248 385888 393501**

4th PRIZE: (10 of $ 10,000 each) **003138 111222 187845 328263 453817**
100510 156844 231082 331846 461782

5th PRIZE: (50 of $ 2,000 each)

006340
010571
014461
019972
022357
022559
030863
037656
059232
060630
065246
084040
095817
110836
114236
117136
120484
128631
144241
153507
179790
186004
196764
205879
262157
314064
317469
327316
339745
349006
363372
373067
375234
375442
376288
380214
394077
403148
405549
412529
435523
436980
437825
454072
459616
461842
463845
469063
471844
496436

6th PRIZE: (100 of $ 500 each)

004507
011053
017583
020086
024658
028749
029396
049956
056204
059481
060206
067681
070425
072447
074898
080194
086142
092496
098054
098588
099431
106013
106920
108685
111047
114774
115077
121786
123347
126808
128899
130132
137317
140335
141605
150745
150914
151603
152611
168766
180780
184419
188846
191714
200960
203198
206026
206353
209028
223560
227882
228688
229414
255294
261881
262831
264325
269954
273252
290083
293190
294020
304498
315577
317461
317577
319560
322369
329300
344646
348094
353055
364315
370107
386990
390438
399158
404615
411383
415956
416965
425128
431627
431767
435406
454384
454611
454681
459517
463288
465071
475244
479695
480921
486553
497004
498521
498965
499922
499934

7th PRIZE: (500 of $ 200 each) **All numbers ending with 069**

(Tickets whose last three figures correspond to a specially drawn number)

8th PRIZE: (4,999 of $ 70 each) **All numbers ending with 96**

(Tickets whose last two figures correspond to the last two figures of the First Prize ticket number)

9th PRIZE: (44,999 of $ 20 each) **All numbers ending with 6**

(Tickets whose last figure corresponds to the last figure of the First Prize ticket number)

SPECIAL PRIZE: 176160

(Donated by the Ministry of Finance)

Holder of prize winning tickets may receive payment on and after Saturday, 9th March, 1935, at the Central Bank of China, Bank of China and Bank of Communications or at any of their branches.

Prizes unclaimed after 31st August, 1935 will be forfeited.

The National State Lottery Administration accepts responsibility for the correctness of the Official Prize Lists only. These Lists are obtainable at the Head Office of the National State Lottery Administration and from the offices of any of the selling agents.

Shanghai, 2nd March, 1935.

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Kiangsu Government Moves to Revive Its Cotton Industry

Establishment of cotton planting experimental stations, introduction of American cotton sales co-operative societies, rendering of technical as well as financial help to the local cotton-planters and government protection of cotton planting are the salient features of a scheme mapped out by the Kiangsu provincial authorities for reviving the cotton industry in the province.

Cotton industry in Kiangsu which had been in a thriving state some years age has suffered a sad decline during recent years on account of lack of scientific methods for the production, distribution and sale of cotton in face of keen competition in the foreign market. But Kiangsu province possesses great advantages in its soil and climate which are most suited to the production of cotton. A number of cotton planting experimental stations measuring a total of 6,000 mow of land will be established in the Hsuchow and Hsiaohsien districts which have been the centers of cotton industry in the province. For the improvement of the production of cotton 32,000 catties of American cotton seeds has already been purchased from Tsowping, Nanking and other places which will be distributed free of charge among these projected experimental stations, averaging 5 catties for each mow of land.

Silk Industry to Be Controlled

A program for the control of the control of the country's silk industry has been drawn up by the Sericulture Improvement Committee under the National Economic Council. The National Economic Council will appropriate $135,240 for the purchase of 500 new multi-thread silk-reeling machines and for various improvements.

Nanking to Plant 16,000 Trees

As a stimulus to the program of forestry development in China, the Afforestation Movement Association has decided to plant a total of 16,000 trees near the Ming Tombs on the occasion of the tenth anniversary of the death of Dr. Sun Yat-sen, March 12.

Ministry of Finance to Build Two New Rubber Factories

Liu Yin-fu, Director of the Industrial Department of the Ministry, announces that two factories are being planned by the Ministry, for the manufacture of rubber products and of artificial silk (rayon).

Hupeh Gets Loan of $1,000,000 for Road Construction

In order to speed up the construction of the many projected highways in Hupeh, the Provincial Government has been negotiating with Chinese banks for a loan of $1,000,000 with part of the authorized but yet unissued 24th Year Hupeh Reconstruction Bonds as security.

Cement Manufacturers Protest Duty-Free Importation from Indo-China

The National Cement Manufactures Guild, in a petition to the Ministry of Finance, has protested against the exemption from import duty of 40,000 barrels of cement purchased from French Indo-China by the Engineering Office for the construction of the Shiuchow-Chuchow Section of the Canton-Hankow Railway.

Hunan-Kweichow Inter-Provincial Highway to Be Completed in July

The Department of Reconstruction of the Hunan Provincial Government is speeding up the work on the Hunan-Kweichow Inter-Provincial Highway which is scheduled to be completed before the end of July this year. The highway leads from Taoyuan in northern Hunan to Chengyuan in western Kweichow and totals 1,100 li (about 310 miles) distance.

Highway to Link Kiangsu and Honan

Construction work on the projected 350-mile highway between Chengchow, Honan, and Haian, Kiangsu, will be started shortly, all preliminary survey work having been completed. The highway, when completed, will pass through more then ten important counties of the two provinces.

Dr. Haas Inspects Highways Reconstruction in Kiangsi

Dr. Robert Haas, League's liaison officer, is at present in Kiangsi province conducting an inspection of highway reconstruction in that province.

Canton-Hankow Radio Telephone to Be Completed by Autumn

Advices from Canton state that by autumn of this year it will be possible for Canton to talk directly to Shanghai and Hankow by means of a radio-telephone system which will link the three principal ports of China. The entire equipment for all three stations has already arrived in China and erection work is expected to be commenced shortly. The cost of the internal network, it is estimated, will be more than £50,000.

Ten New Radio Stations for Shensi Province

In compliance with an order of the Shensi Provincial Government, the Provincial Telegraph Administration has mapped out plans for the erection of ten additional radio stations in the northern and southern parts of the province. The Provincial Government of Shensi will allot a sum of $10,000 toward expenses while the rest of the funds required will be borne by the Ministry of Communications.

Conservancy Experts Inspect Tientsin Hydraulic Stations

Messrs. Coode, conservancy expert from the League of Nations, and Bourdrez, technical expert, attached to the National Economic Council, paid a visit to the Tientsin Hydraulic Engineering Experimental Station, which is the first of its kind in the country, Feb. 26.

Regulations Governing Navigation Bureaus Are Revised

Revised regulations governing the organization of the Navigation Bureaus under the Ministry of Communications have been promulgated by the National Government. According to these revised regulations, navigation bureaus are established by the Ministry of Communications to take charge of the administration affairs.

Enforcement of New Import Tariff Postponed

Enforcement of the new import customs tariff, which was scheduled to be promulgated March 1, has been postponed. The new tariff is still being studied by officials of the Ministry of Finance and has to be submitted to the Legislative Yuan for final approval before its promulgation by the National Government. The new tariff will not likely to come into force for a month or two.

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Fiscal Report for 1932-1933

The final fiscal report for 1932-33, submitted by the Directorate-General of Budgets, Accounts and Statistics to the National Government for approval was published in Nanking, March 5. The report is given as follows:

RECEIPTS

I.—TAXES:	
1. Customs	$310,349,427.89
2. Salt	152,068,635.30
3. Wine and Tobacco	14,695,808.23
4. Stamp	7,754,669.11
5. Consolidated	82,495,308.45
6. Mining	988,709.90
7. Banking	3,085,562.48
SUB-TOTAL	$571,438,121.31
II.—NON-TAXES:	
1. Receipts from government administration	$ 7,736,765.44
2. Receipts from government enterprises	433,103.21
3. Receipts from government properties	2,358,759.72
4. Quotas from provinces and municipalities	692,669.20
5. Transfer from government enterprises	16,712,691.66
6. Miscellaneous	7,958,462.85
SUB-TOTAL	$ 35,892,452.08
III.—BORROWING:	
1. Bonds	$ 27,584,923.50
2. Loan and advances	84,112,638.51
SUB-TOTAL	$111,697,562.01
IV.—FUNDS IN CUSTODY	$ 8,327,126.41
V.—TEMPORARY RECEIPTS	$ 5,805,824.85
TOTAL	$733,161,086.66

EXPENDITURES

I.—PARTY AND GOVERNMENT:	
1. Party	$ 4,781,172.31
2. National Government	6,830,640.37
3. Interior	4,953,919.55
4. Foreign Affairs	8,443,093.83
5. Financial Administration	83,595,223.95
6. Education and Culture	14,895,416.22
7. Judicial Administration	2,588,911.94
8. Industries	2,809,407.64
9. Communications	4,108,804.03
10. Reconstruction	1,435,685.54
SUB-TOTAL	$134,442,275.38
II.—MILITARY EXPENSES	$302,894,713.68
III.—SUBSIDIES:	
1. To local government	$ 51,082,576.64
2. To education	6,384,196.50
3. To enterprises	641,461.72
4. Miscellaneous	6,750,679.57
SUB-TOTAL	$ 64,858,194.43
IV.—LOAN SERVICE:	
1. Internal loans	$ 90,533,137.49
2. Foreign loans	58,466,693.01
3. Boxer Indemnity	40,330,169.30
4. Others	852,476.41
SUB-TOTAL	$190,182,476.21
V.—ADVANCES	$ 4,769,420.02
VI.—TEMPORARY ACCOUNTS	$ 931,712.82
VII.—BROUGHT FORWARD FROM PREVIOUS YEAR	$ 4,102,154.35
VIII.—DEBT CONSOLIDATION FUND	$ 5,000,000.00
Carried forward	$ 25,979,419.77
TOTAL	$733,161,086.66

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Rumor of International Loan Upsets Exchange Market

Hectic fluctuations took place on the Shanghai exchange market during the week, as a reflex of somewhat similar conditions on money exchanges in Europe and America. A number of factors contributed to violent fluctuations, the principal one being that telegrams from London intimated that an international credit of twenty million pounds was to be advanced to China. As a result of this report there was a fluctuation on March 5 in the price of gold bars from $806 (close on Monday) to $863, with similar fluctuations in British and American currencies.

T. V. Soong, when questioned concerning the reported international loan, refused to confirm or deny the reports. He stated that he and Dr. H. H. Kung, who had proceeded to Hankow for a consultation with General Chiang Kai-shek, only discussed questions regarding the work of the National Economic Commission in Szechuen province. Mr. Soong said that in order to facilitate the anti-Red campaign there should be built three main highways in the province, which would require approximately $8,000,000. He was trying to obtain the money and would go to Szechuen by the end this month.

Outflow of Silver Is Checked

Dr. Kung on arriving in Hankow stated in an interview that the purpose of the visit was to report to General Chiang Kai-shek on the national budget for the current fiscal year and the financial situation in Szechuen, and also to exchange views with General Chiang on the work of the National Economic Council.

Three Million Silver Dollars Coming from London

Dr. Kung in an interview at Hankow said that since the imposition of the equalization charge on silver exports in October, stability in the monetary situation has been gradually restored. In order to facilitate circulation of currency, the Central authorities have also purchased a large quantity of silver bullion from London.

The first shipment of silver (about $3,000,000) purchased by the Foreign Exchange Stablization Commission from London will be shipped to Shanghai March 16 aboard the British liner *Corfu*.

Dr. H. H. Kung, Minister of Finance, and T. V. Soong, member of the standing committee of National Economic Council, returned to Nanking aboard the gunboat *Minsen*, beginning of the week from the financial conference held at Hankow. Interviewed prior to his departure, Dr. Kung declared that the result of the conference between himself, Mr. Soong and General Chiang regarding the general financial situation was very satisfactory.

The Executive Yuan in a recent petition to the Central Political Council suggested that, to maintain the monetary standard, the Government must ensure the following "three fundamentals":—Free convertibility of paper currency; free coinage of standard currency; and free import and export of silver. In the absence of any of these fundamentals, the petition adds, the Government automatically must give up the existing monetary standard. The opinion is recorded that adoption of any law providing for the punishment of individuals for the destruction of silver coins practically would amount to prohibiting the export of silver and would be tantamount to abandoning the silver standard.

China's Military Expenses Absorb More Than Half of Revenue

China's military expenses are absorbing no less than 50 per cent of the total revenue of the nation, it was revealed at the Chiang-Kung-Soong conference at Hankow. Excluding loan service appropriations amounting to $257,000,000, China's military burden during the current year will total approximately $330,000,000, which is approximately one-half of the income of the country.

This impressive outlay, it was pointed out in well-informed quarters, does not include special campaign funds such as those incurred in the Kiangsi anti-Communist campaign, nor the drive against the Reds now getting under way in Szechuen. Nor are the expenses of the miscellaneous forces co-operating with Nanking included in the $330,000,000 estimate.

Silver Price Rise in Dairen

Reacting to the markets abroad, silver in Dairen Mar. 4, soared to the highest point recorded since 1925. The price for 100 silver yen reached 140.20 gold yen.

That the American Government has promised to modify the specific points in its silver policy by which Chinese interests are affected is the gist of a report sent to the Nanking Government by Dr. Alfred Sze, Minister to Washington, according to the Nanking correspondent of the *Sin Wan Pao.*

Run on International Savings Bank in Canton

A run was experienced by the branch offices of the International Savings Soviety and the Sino-French Savings Bank (Epargne Franco-Chinoise) at Shameen early this week. The run was so serious that the International Savings Society set a time limit, namely, 10-12 a.m. and 2-3 p.m. for withdrawal of deposits.

Minobe's Theory of State Arouses Japanese

The Government has placed itself in opposition to Dr. Tatsukichi Minobe's thesis that the Emperor is "an organ of the State." The declaration, which was made in the House of Peers by Premier Keisuke Okada March. 4 was one of the reverberations of a press, parliamentary and public controversy which was agitating Japan in the past few weeks. Dr. Minobe's theory, which disagrees with the accepted thesis that the "Emperor is the State," was severely attacked in both Chambers of the Diet, and simultaneously the Government was criticized for its alleged failure to take a definite stand on the issue. Other devevelopments bearing on the controversy included a mass meeting of various patriotic societies, who protested against Dr. Minobe's theory and demanded that he delete the objectionable passages from his books, and also an attempted assassination of Matstaro Shoriki, publisher of the *Yomiuri Shimbun*, allegedly because the paper among other things defended Dr. Minobe's thesis.

Dr. Minobe Indicted on Charge of Impiety

Major-General Genkuro Etoh, a reserve officer, Feb. 28 filed a complaint with the Tokyo District Court against Dr. Tatsukichi Minobe, Professor emeritus of the Tokyo Imperial University on a charge of *lese majeste*. Major-General Etoh in an address in the Lower House attacked Dr. Minobe's treatise on the Japanese Constitution in which the scholar declares that the Emperor is an "organ of the State."

Fifteen representatives of various patriotic societies who recently called at Dr. Minobe's home, and not finding him in, left a warning that they will call again if Dr. Minobe fails to suspend the publication of his book on the theory of State, or delete the "objectionable" passages. The march of the 15 representatives was preceded by a rally of patriots in a Tokyo restaurant, attended by 230 members of various societties.

Rigorous suppression of reactionary terrorists who "camouflage violence under a patriotic guise" was asked in the House of Representatives March 5 by Masalumi Ando, member of the Seiyukai party.

Two Billion Yen Budget Has Smooth Sailing

Passage without amendments of the Government's Yen 2,000,000,000 budget for 1935-36 by the Budgetary Committee of the House of Peers on March 9 was predicted by informed political circles in Tokyo March 4. The representatives of all the parties in the Lower House decided to pass on the Government's additional budgetary estimates on March 7, with March 5 and 6 being devoted to the discussion of various outstanding issues.

Anglo-Japanese Trade Body Appoints Five Advisors

The appointment of five resident advisors was announced in London Feb. 26 by the Anglo-Japanese Trade Commission, which was established by the Federation of British Industries following the visit of its mission, headed by Lord Barnby, to Japan and Manchukuo. In addition to four Japanese advisors, there is the British subject A. H. F. Edwardes, advisor to the Manchukuo Government. The Commission, a prototype of which has been established in Tokyo, is a permanent organization charged with the task of promoting Anglo-Japanese commercial cooperation. It is headed by Lord Barnby.

Foreign Trade of Japan Shows Unfavorable Balance

Japan's foreign trade in the last ten days of February resulted in an unfavorable balance of Yen 30,704,000, with exports totalling Yen 62,643,000, and imports, Yen 93,347,000. The excess in imports since January was Yen 151,028,000.

Japanese Receive Order for Artificial Wool Yarn from Europe

The Tokyo *Jiji* reports that although there is relatively little home demand for Japanese artificial wool (sometimes called staple fibre) orders are commencing to come in from Europe. The Nitto Spinning Co. has decided to increase its output from 5 to 10 tons to fill the new orders.

Japanese Army to Use "Cold-Enduring" Food

The Tokyo *Nichi Nichi* says the Japanese War Office is pleased by the discovery of a special food by a food officer which lets soldiers forget the cold of winter if they have one mouthful of this cold-enduring food. The army has given it the name of "cold endurance food;" it is to be sold to the public also.

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Decision of Site for Olymic Games Postponed Until Next Year

Postponement of the decision on the venue of the XII Olympiad until next year has been agreed upon by the International Olympic Committee at Oslo. Sapporo, Hokkaido, was selected as the site for the Twelfth Olympiad's winter games if the 1940 games come to Japan.

Japanese Aroused Over Proposed U.S. Legislation—Demonstrations at U.S Embassy

The anti-Japanese legislation now before the state legislatures of Arizona and California is causing much ill-feeling among the Japanese populace, evidences of which are to be found in numerous directions. A reactionary patriotic organization called the Kokushi Taishuto is taking up the matter energetically. Frequent references appear in the telegrams from Japan that the Tokyo Foreign Office is taking a serious view of the bills before the California and Arizona legislatures. First on Feb. 22 and again on March 1 representatives of the Kokushi Taishito gathered in front of the American Embassy in Tokyo and demonstrated with a view to making a protest to the American authorities. On the first occasion seven members who insisted on entering the Embassy with the object of inteviewing U. S. Ambassador Grew were arrested when they disobeyed the orders of a a police officer to disperse; they were, however, released after a few hours detention.

Nine representatives of this patriotic association again assembled at the American Embassy March 1 and although they were not able to obtain an interview with Mr. Grew, they were successful in handing an Embassy official a resolution denouncing the proposed anti-Japanese legislation. Koki Hirota, Foreign Minister, a Foreign Office official disclosed, has asked Hiroshi Saito, Japanese Ambassador in Washington to secure all possible information on the proposed legislation with a view to a possible *demarche* with the Federal government on the ground that enactment of the bills would reflect unfavorably on American-Japanese relations. The Japanese public is aroused by recent press dispatches from America which state that the proposed measures would practically drive thousands of Japanese truck farmers off the lands they have been cultivating. The Arizona bill aims at the closing of all loopholes in the present land law—which prohibits the ownership of land by aliens ineligible to citizenship.

Tokyo police officials and members of the Kokusui Teishintai were at odds March 4 over a flag. The banner, a black silk square with a skull and bones emblem drawn in white on it, was seized when police rounded up demonstrators who gathered before the United States Embassy allegedly to protest against "the anti-Japanese laws" now before the Arizona, California and Washington state legislatures.

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Sweetland Says Japanese Are Suspicious of Correspondents

Reginald Sweetland, Tokyo correspondent of the *Chicago Daily News*, who had previously spent nine years in China, at present on a furlough in the United States, in an interview in Chicago said that the Japanese authorities resent having American reporters off the beaten paths, for when one does one finds poverty in the back country, which the world knows little about. Even in Tokyo, however, a reporter's home is constantly being watched by Japanese police, who are forever checking and rechecking as to his going and coming and even inspecting his household to determine the number of electric lights, books, chairs and tables he possesses. One of the adroit ways in which the Japanese government exercises an indirect control over foreign correspondents who choose to go beyond the show places for their news is the manner in which press cards are issued. The cards are printed in English instead of Japanese and are so worded as to state they entitle the bearer to send press messages from only such offices *as accept* such messages. The correspondent often finds that inland telegraph offices know nothing about these press cards and are not inclined to recognize them or to make any telegraphic inquiries to the home office as to their authenticity. Mr. Sweetland added:—"The Japanese make no bones about letting you know you are not wanted. Such is not the case in China, where you can go from one end of the country to the other and all you need for a passport is a smile. Try smiling in Japan, however, and you find they do not respond to that kind of treatment. They have a feeling you are laughing at them."

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One Hundred American Women to Inspect Gardens in Japan

One hundred women (mostly widows, and rich) of the American Garden Society are due in Japan May 13. Extensive preparations have been made to entertain them. The reception committee includes: U. S. Ambassador Grew and Mrs. Grew, Prince and Princess Konoe, Count Kabayama, Prince Tokugawa, Marquis Tokugawa, etc. The gardens to be seen include those of Kunizo Hara, Kaichiro Nezu, Baron Dan, Baron Okura, Baron Fujita, in Tokyo; that of Mitsui villa, Miyanoshita, and others at Kyoto and Nara.

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

DOWN TRAINS UP TRAINS

41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3		MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep.	Peiping - - -	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,,	Fengtai - - - -	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	—	,,	Langfang - - -	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,,	Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16 39	19.15	23.47	13.40	arr.	Tientsin East -	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep.	,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	4.50	
10.38	FOR SHANGHAI	12.47	FOR PUKOW	18.03	Stop	1.10	14.47	,,	Tang-ku - - -	dep.	FROM SHANGHAI	6.31	12.46	14.45	18.51	5.11	FROM PUKOW	
11.46		13.45		19.08		2.18	15.40	,,	Lu-tai - - - -	,,		5.26	11.41	13.48	17.43	4.08		
12.52		14.42		20.11		3.32	16.39	,,	Tang-shan - -	,,		4.15	10.30	12.50	16.37	2.58		
13.39		15.17		20.47		4.20	17.14	,,	Ku-yeh - - -	,,		3.30	9.44	12.18	16.05	2.16		
14.29		15.49		21.21		5.12	17.46	,,	Lanhsien - - -	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,,	Chang-li- - - -	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,,	Pei-tai-ho - - -	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,,	Chin-wang-tao -	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr.	Shan-hai-kwan -	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep.	,,	arr.						21.26		
		16.25						arr.	Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934. **BY ORDER.**

Netherlands-Japanese Shipping Conference Falls Through

The proposed Netherlands-Japanese shipping conference originally scheduled for Jan. 25 at Kobe is definitely a failure and the Netherlands shipping line delegates departed from Japan March 3. One of the reasons for the deadlock was that the Japanese insisted that their language should be official for the conference. As a result of the failure of the conference keen competition between the Japanese shipping companies and Java-China company will be inevitable as the Japanese companies will form a pool among themselves following the destruction of the present Java Shipping Route Conference. The shipping dispute is but one of several serious problems pending between the two countries. The Japanese are steadily gaining a strong foothold in the East Indies. To meet these inroads, demands are being formulated by Dutch commercial interests for drastic legislation which will be designed to :—Curtail, through immigration strictures, the ingress of Japanese merchants now sent by Tokio to get business away from Chinese merchants (who formerly controled most of the retail trade); and prevent Japanese from placing large capital investments in the islands through establishing factories. Therein the Japanese aim is to avoid the present restrictions on Japanese imports.

One other Japanese activity in the East Indies is the Japanese effort to foment a movement among the natives and gain influence over them on the plea of "Asiatic solidarity." Swarms of Japanese fishing boats which ply the East Indian waters are found frequently to cloak military reconnaissance and spying, surveying and photographing. Distances are enormous, and all waters cannot be policed. It is on the economic aspect of the problem that Dutch attention is focused for the immediate future. Last summer an economic conference between the Dutch and Japanese was held in Batavia, but it broke down without results.

Dutch Fear Attack from Japan

Japan's renewed military attacks on China have sent cold tremors through the Netherlands and renewed Dutch apprehensions about the security of its East Indies possessions, David Darrah stated in a telegram from the Hague Feb. 1 to the *Chicago Tribune*. Alarmed again as in 1932, when the Japanese bombarded Shanghai, the Dutch foreign ministry and the ministry of defense have been in communication with the British government concerning the matter. The Dutch have well defined fears that Nippon's ever-widening ambitions and pretensions in the Orient will eventually take in Borneo, Sumatra, Java, and other rich oil-bearing islands of the Dutch East Indies, fields in which Japan would be dependent for oil should it ever become involved with other Pacific naval powers. Dutch alarm has been growing in the face of recent events in the Pacific, and since the Japanese denouncement of the Washington naval treaty of 1922 every move of the Japanese is watched from The Hague with uneasiness.

The Dutch Indies are vulnerable to attack from Japan. The Dutch government, the same as the British, has been quietly but energetically developing defenses of these island possessions. Land guns have been planted. Harbors have been mined, Colonial naval and air forces have been increased, and communications between the Netherlands and the East Indies perfected to the extent that one can now go by air from Amsterdam to Batavia, Java, in seven days.

To defend its colonial possessions in the East Indies from the Japanese, the Netherlands government counts on many factors in the situation. The first is a naval defense understanding with Great Britain. Both the British and the Dutch would deny that any such understanding exists. But it is well known to naval experts that keeping the Japanese out of the Dutch East Indies is as important to the British as it is to the Dutch, for the islands have a paramount strategical position in the Pacific, apart from their wealth. They form a buffer between Japan and Australia, as Austria does in Europe between Germany and Italy.

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Japanese Ministry of Commerce Postpones Oil Talks

Postponement until April of the conversations between the representatives of foreign oil concerns and the Ministry of Commerce and Industry, was officially announced in Tokyo, Feb. 28. The conversations, which have been in progress for the last five weeks, were opened by the officials of the Standard-Vaccum Oil Co. and the Rising Sun Oil Co., who sought to modify the provisions of the Petroleum Industry law, enacted on March 27, 1934.

The *Yomiuri* says that despite the fact that the authorities of the Ministry of Commerce and Industry some time ago ordered the oil companies to submit to them plans for the companies' oil storage after April 1 by the end of January, 1935, the foreign oil companies have so far failed to submit their plans for oil storage.

Manchukuo to Spend Thirty Millions on Hulutao Harbor Work

The Manchukuo government has decided to take a hand in the construction of the harbor of Hulutao, appropriating $30,000,000 to make it a rival port of Dairen, A *Mainichi* despatch from Dairen Feb. 25 stated that the government has been studying the plan of constructing the port, consulting the S.M.R. authorities, and recently completed all investigations needed for the construction of the port. The need of unified control of all railways in Manchukuo consequent on the purchase of the North Manchuria Railway, has expedited the decision of the Changchun government.

The plan to construct the port of Hulutao was first drawn up in 1901 when Hsu Shih-chang was governor of the Three Eastern Provinces. While Genral Chang Hsueh-liang was head of the Mukden administration, he contracted with a Dutch harbor works company in 1930 to build the port, and the Dutch company started the first stage of the work, to be completed at a cost of 6,400,000 American dollars. General Chang Hsueh-liang's plan was to rival the South Manchuria Railway by constructing the port and Chinese railways in Manchuria, but later developments caused the work to be abandoned.

When the harbor work at Hulutao is completed, the port will outrival Newchwang and the latter will become a subsidiary port, and in the foreign trade of Manchukuo, the three ports of Hulutao, Dairen and Rashin will play most important roles.

Manchukuo Oil Monopoly to Be Enforced April 1

Enforcement of the Manchukuo Oil Monopoly Law on April 1 is predicted by circles close to the Hsinking Government. The authorities have already completed the selection of 79 general wholesale oil dealers, among whom are included Japanese, Manchukuo, American and British oil concerns operating in that area. Officials of the Manchukuo Monopoly Office revealed that the organization is now perfecting the regulations concerning the allocation of import quotas, purchase of storage equipment, installation of new equipment and other matters. Negotiations are also afoot with the South Manchuria Railway Company and the General Direction of State Rallways on the question of special oil transportation rates, officials disclosed.

Japanese Military Decides to Build Two New Railways in Jehol

According to information from Japanese sources, the Japanese military authorities in Jehol have decided to build two new railways in the province. One will lead from Pingyuan to Chengteh, capital of Jehol, while the other will connect Pingyuan with Hsifengkow Pass. Construction work on the two lines will be undertaken by the Toa Construction Company (Great Eastern Company), which is understood to have sent agents to North China to enlist Chinese coolies to work on the railways.

Japan to Issue Pamphlet on Extrality as It Affects Manchuria

The Tokyo Foreign Office March 1 announced that a historical resume of the practice of extraterritoriality, together with an explantion why Japan deems it proper to relinquish those privileges in Manchukuo, will be issued by the Japanese Commission on the Abolition of Japanese Extraterritoriality in Manchukuo. The announcement followed the adjournment of the second meeting of the commission which was organized Feb. 22. The purpose of the pamphlet, the statement said, "is to deepen the knowledge of the people at large in the matter of extraterritoriality." The Japanese Embassy in Changchun has received a petititon from the Japanese Chamber of Commerce and Industry in Mukden concerning the rights of Japanese to own land in Manchuria.

New Showa Steel Plant at Anshan to Open in April

The new plant of the Showa Iron and Steel Company at Anshan erected at a cost of Yen 20,000,000, will open operations early next month. The construction of the new plant is part of the company's program to increase the capacity of the steel works to 400,000 tons annually.

Manchukuo Legation in Tokyo Celebrates Anniversary

Japanese officials and business leaders attended a reception at the Manchukuo Legation in Tokyo March 1 on the occasion of the third anniversary of the founding of the new state and the first anniversary of the establishment of the monarchy.

Pu Yi's Visit to Japan Will Cost Yen 263,000

The Japanese Government has introduced an additional budgetary estimate of Yen 263,036 to defray the expenses to be incurred in connection with the visit of Emperor Kangte (Pu Yi) of Manchukuo.

Manchukuo Scouts to Visit Japan

The Manchukuo Boy Scout League has announced its acceptance of the invitation extended by the Boy Scout League of Japan to send its representatives to Japan simultaneously with the visit of Emperor Kangte to Tokyo next month.

Special Parade to Be Held for Emperor Kangte

A message from Tokyo March 3 stated that the cream of Japan's modernized army will pass in review befare Emperor Hirohito, and Emperor Kangte of Manchukuo on April 9. More than 100 airplanes, 44 tanks and other mechanized units will roar and rumble past the reviewing stand occupied by the two sovereigns at Yopogi Field on the cutskirts of Tokyo.

"Undesirable" Japanese Not Welcome in Manchuria

Steps for the rigid control of all undesirable Japanese, including officials, living in Manchukuo were considered at a conference of Japanese judicial consuls in Changchun Feb. 28. After protracted discussion, it was agreed that disciplinary action must be taken without delay whenever the occasion demanded.

Manchukuo Moves to Avert Sungari Floods

Seeking to prevent the yearly recurring floods that menace life and property at Harbin each spring, the Manchukuo authorities March 4 announced that they will undertake an extensive conservancy project on the Sungari River at an estimated cost of MY.8,000,000. The first part of the work, which will be started as soon as the ice melts away will, be spread over four years.

Dairen Trunk Murderer Suffers Strangulation Penalty

Gen. S. Minami, Japanese Ambassador to Manchukuo and Commander-in-Chief of the Kwangtung Army Feb. 28 ordered execution, by strangulation, of Hideo Nakazono, who was sentenced to death in July last year for murder of a rival whose body was found in a trunk.

Volunteers Again Reported Active in Manchuria

Advices from Tientsin state that with the approach of warmer weather Chinese volunteers are renewing their activities in Manchuria. A group of volunteers attacked the Weishaho Station on the Chinese Eastern Railway on Feb. 23. They succeeded in occupying the station but had later had to retreat owing to lack of reinforcements. Another group of volunteers in reported to have attacked a village near the Ashiho station, 30 miles east of Harbin, on the same day.

C. E. R. Employees Must Know Japanese and "Manchurian"

All employees on the Chinese Eastern Railway, irrespective of nationality, after the transfer of the railway to the exclusive control of Manchukuo, are required to have a knowledge of "Manchukuo" and Japanese languages, declared Mr. Sahara, chief of the Bureau of State Railways, in a press interview in Harbin. A time limit will however be given to the employees to learn the languages, and those who fail to get a working knowledge of the languages upon the expiration of the time limit, will be discharged, Mr. Sahara further said.

C.E.R. Transfer Contract Discussions Near End

The Soviet-Manchukuo committee drafting the sales contract for the transfer of the North Manchuria (Chinese Eastern) Railway from Russian to Manchukuo ownership completed discussions on the main issues at its meeting in Tokyo, March 2.

The Soviet-Japanese protocol, whereby Japan will guarantee Manchukuo's payments for the line, is to be signed this month by Mr. Hirota, Japanese Foreign Minister, and Mr. Yureneff, Soviet Ambassador. The document will be later submitted to the Privy Council for approval.

Minister of War Hayashi has tentatively decided on a six-point policy as follows :—

(1) The South Manchuria Railway Company will manage the railway on behalf of Manchukuo.

(2) The net profits of the line will be earmarked for the redemption of the bond-issue required for the N.M.R.'s purchase.

(3) In case the profits of the N.M.R. are insufficient for the redemption of the principal and interest of the bonds, the S.M.R. will advance the required amount.

(4) The present N.M.R. freight tariffs will be reduced to the level of those of the State Railways.

(5) Immediate work on a portion of the rolling stock and track between Hsinking and Harbin so as to make through service possible between Dairen and Harbin, will begin at once. Estimated cost Yen 50,000,000.

(6) Discharge of all N.M.R. employees and re-employment of a majority at lower wages.

Bogus Doctors in Japan Buy Forged American Degrees

The *Japan Chronicle* states that the examination of Muneki Shimidzu, a bogus doctor arrested by the Osaka police, has revealed that many quacks have been making a lucrative living in Osaka prefecture with the aid of forged American degrees. The forger is stated to be a professor in a certain college in Osaka. He was a resident of America for thirty years, and apparently copied his own degree, selling the copies for from Yen 500 to Yen 1,000 each. These certificates enabled the purchasers to pose as American educated doctors. Shimizu is said to have paid Yen 1,000 for his certificate.

Soviets Regret Estrangement from United States, Duranty Says

The well-known American journalist, Duranty, in a recent article in the *New York Times* points out that the Soviet public regrets the estrangement between the two peaceful countries, the U.S.A. and the USSR, caused by a trifling misunderstanding at this time, when Japan and Germany are openly preparing for war.

Kaganovich Appointed Commissar of Railways

A decision of the Central Executive Committee of the U.S.S.R. has been published, relieving Andreyev from his duties of the People's Commissar of Railways, at his personal request, and appointing L. Kaganovich as his successor to this post.

Soviets to Build Railway Between Chita and Urga

Decision to undertake construction of a railway between Chita, in the U.S.S.R., and Urga, in Outer Mongolia, has been reached by the Transportation Commissariat of the Moscow Government, according to a special dispatch to the *Nichi Nichi* from Moscow. The line between Chita and Urga, a distance of about 1,250 miles, will run via Kolulun.

Chinese Film Wins Soviet Certificate—Producer Honored

The First Soviet Cinema Festival came to a close in Moscow, March 2. The judges of the festival awarded the first prize to the Leningrad cinema factory for the exceptionally artististic films, "Chapavev," "Youth of Maxim," and "Peasants," which continue the realistic style of the Soviet cinema industry and combine ideological depth, truthfulness to life, and simplicity, with high quality and skill of producers, actors and operators. The second prize has been awarded to the French film "Last Milliardaire" and the third prize to Walt Disney for his artistic multiplication films. "Fisherman's Song," one of the six Chinese talking pictures on display at the International Moving Picture Exhibition in Moscow, Mar. 3 was awarded an honor certificate for its bold realistic portrayal of noble Chinese qualities. Its theme song, "The Fisherman's Song," is now one of the most popular song hits. An honorary diploma was awarded to Tsai Tsu-shen for this bold attempt to show in a realistic way the life and noble equalities of Chinese people in this film.

The Soviets say the world has become jaded with all the love stuff, the happy ending and the sickly sentiment that generally comes from the Hollywoods of all countries. The Soviet films have something definitely new in them. Life as depicted in the Soviet films is often life in the raw, but it is realistic, genuine. All this naturally enough has come as a breath of fresh wind to the average cinema goer in the world outside.

Japanese Get 30 Lots at Saghalien Fishery Auctions

Japanese bidders secured 30 out of 73 fishing lots along the northern Siberian and Saghalien coasts at an auction held by Soviet authorities at Vladivostok Feb. 21. Soviet interests secured 37 lots while 6 lots remained unsold.

Preservation of Buddhist Monuments in U.S.S.R.

A special decision regarding the preservation of historical monuments of Buddhist culture has been adopted by the Central Executive Committee of R.S.F.S.R.

Georgian Museum Contains Remarkable Collection of Ancient Coins

The numismatic collection of the Georgian Museum includes the so-called Sepiety treasure recently found by a peasant at the Sepiety village, near the ancient Archeopolis, capital of Colchis (V—I centuries before our era) and Lazistan (II—VI centuries of our era).

Japanese Government's Plan to Give Self-Government to Formosa Meets Opposition

Advices from Japan state that there is a strong body of opinion among the Peers against the Government's plan to grant local self-government to the Formosans, though indications are not lacking that approval will eventually be given. Teizaboru Sekiya expressed the view that the assimilation of the Formosans is difficult, but it is well to grant self-government as a step towards it. The example of Korea shows that the measure will prove fairly successful, he said. Koreaki Otsuka, also supporting the plan, said that the whole matter must be considered in the light of the Imperial wish to treat all Jananese subjects alike, be they Japanese, Koreans or Formosans. Towards the end of last year, he said, he travelled in the island to inspect conditions, and during this journey he heard the candid views of Formosans with whom he came into personal contact. His conclusion is that self-government on the scope such as now planned must be granted the Formosans. The present course was forecast in the policy of administration laid down by Baron Den, who was Governor-General of Formosa as far back as 1920.

Count Ichizo Goto said that although he has no objection to the system itself, he thought the Formosans were not sufficiently advanced for its adequate operation. At least, a further study of the actual conditions was necessary, he said.

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Wuhan, the New Headquarters of Gen. Chiang Kai-shek

(From the Review's Correspondent at Hankow)

WITH the establishment of General Chiang Kai-shek's new headquarters at Wuchang on the 21st of February, a new phase of the anti-red campaign has been entered upon. A most cordial welcome greeted the general and his wife upon their arrival in Hankow. The *Hankow Herald* (English language Chinese-owned daily) waxed unusally eloquent in praise of the national leader. We quote: "If there is one thing in the policy of General Chiang Kai-shek that we admire more than any others, it is the big stick which he has so successfully wielded in awakening the sluggards to action . . . . thanks to the constant appeal of General Chiang for the country to open their eyes and his readiness to use the firing squad whenever his appeals fail."

On the first of March the new headquarters of the Chairman of the Military Affairs began to function, the Three Province Bandit Suppression Bureau being abolished to give room for the national organization. It is generally understood that Marshal Chang Hsueh-liang will be the chief assistant of Gen. Chiang Kai-shek, and Director of General Affairs in the new headquarters.

Generals Confer With Chiang Kai-shek In Hankow

Among the many officials conferring with the Generalissimo before his departure to Chungking, Szechwan, may be mentioned General Yu Hsueh-chung, chairman of the Hopei provincial government, General Chang Chun, chairman of the Hupeh provincial government, Marshal Chang Hsueh-liang, Generals Ho Chen-chun, Chien Tai chun, Wan Fu-lin, and Wang Hsih-chang, The latter two generals came to this center in connection with the removal of the remaining North-eastern troops from the north to the south.

Movement Of Troops Southward And Westward.

There has been a steady movement of troops southward along the Peiping-Hankow Railway. From Hankow some of the troops have been pouring into Hunan province to help the government forces stem the tide of the onrushing Reds under Ho Lung and Hsiao Keh. Even Peking carts are being introduced to the modern highways of Hunan, something that would not have been practicable some ten years ago. Others are being transported westward up the Yangtze river to Ichang, Wanhsien, and Chungking to assist General Liu Hsiang, who just recently came definitely under the wing of General Chiang Kai-shek and the Nanking regime. Still others are being sent post haste to Shensi, the latest focal center of Red disturbance in the Central China area, along the newly completed Chengchow-Sianfu section of the Lunghai Railway.

Highway Building Programs Pushed

Negotiations for a loan of one million dollars are being conducted between Chia Sze-yi on behalf of the Hupeh Provincial Government and local Chinese bankers. The loan is secured on the $6,000,000.00 public bonds issued on March 3rd by the Hupeh Provincial Government for highway construction.

New Air Squadron for Hankow

The Central Third Air Squadron has been ordered by the Military Commission to remove from Kiangsi to Hankow. The air squadron will assist in the anti-red campaign both in Szechwan, Kweichow and Hunan. Besides the air squadron, the Political Training Department of the Military Commission is also being removed to this center, as is the Cental Gendarmerie Regiment, which served as garrison forces in Nanchang during the presence of the Generalissimo.

Finance Conference with Soong and Kung In Hankow

T. V. Soong, member of the Standing Committee of the National Economic Council, and Dr. H. H. Kung, Minister of Finance, arrived in Hankow on Feb. 18 to confer with General Chiang Kai-shek and Marshal Chang. The financial conference dealt with measures of retrenchment in the face of the present financial stringency and discussed ways and means of financing the anti-red campaign now entering upon its final struggle. During their stay in the Wuhan center these two finance experts have been receiving local business men. Mr. Soong stated to newspaper reporters that his chief business here was to discuss the 1935 budget and the financial conditions of Hupeh and Szechwan provinces.

General Chiang Kai-shek Arrives in Chungking

Having completed his present plans in the Wuhan center, General Chiang Kai-shek left on March 2 by airplance for Chungking, the new capital of Szechwan province. Upon arrival in Szechwan for the first time, the Generalissimo was accorded a huge ovation by the chairman of the provincial government, General Liu Hsiang and scores of other officials and about one thousand and about one thousand other citizens.

Great significance is attached to this move of General Chiang Kai-shek, since it is the first time since the founding lf the Republic that so high an official has graced the soil of distant western Szechwan. The common people take it as a good omen, hoping that some of the mal-administration in the province will now cease and officials will mend their devious ways.

Generals and high officials are flocking into Chungking daily and there is every prospect that the province will have the grandest shake-up of any year since 1912. General Chiang Kai-shek is taking the bull by the horns and with his determination, and that of Madame Chiang, a new Szechwan may arise to retrieve its fertile fields from the ravaging hordes of Reds and to do homage to Nanking. This is one more step in the right direction and China's unification is definitely nearer realization today than it was three years age, when even Hankow was fearful of the outcome of the anti-red struggle.

Reds Spilling Over into Shanghai

One result of the anti-red campaign has been to dislodge the enemy from their old camping grounds. As the Reds left Kiangsi to join forces with their confreres in Szechwan so now some of the Szechwan Reds are leaving northeastern Szechwan for southern Shensi. A large number of China Inland missionaries are safe in Laohokow, having evacuated the hsien cities in the Han River valley of southern Shensi. They are due in Hankow the fifth of March. One of their number did not escape, Rev. S. C. Frencham of Ningkiang. Rumor has it that he has been killed, but the soldiers reporting this were fleeing for their lives, and no doubt did not stop to check up on the information. Before reinforcements arrived the government troops in this area were woefully unable to hold the cities allotted to them. Some of the government troops are reported to have turned Red during the fighting with the Red invaders. Now the situation is improving, although the country is still somewhat unsafe and a bit disorganized. General Chiang Kai-shek is reported as planning a trip by airplane to Sianfu to confer with the chairman of Shensi province, who has a good reputation for fair dealing and doing his duty.

Ho Lung Playing Tricks on Government Troops

On good authority it is reported that Ho Lung's men some 500 strong entered Tayung city, in northwestern Hunan, and disarmed 1000 government troops and relieving them of their uniforms. Donning these they entered the market and stole $5000 worth of rice and made good their escape. The present headquarters of the Red Commander is Yungshun and all efforts to keep him surrounded have ended in failure. Some of the government troops in the area nearest Po Lung have not been ready to cooperate with the Hunan provincial forces in making a united campaign against the Reds. One general, Shen Yu-mo, has definitely declined the honor of marching his troops against the Reds, and all attempts to dissuade him from his course have proved futile. He is now stationed in Chinchow, ca. 100 li south of Feng Wang, and near the Yuan River.

General Ho Chien Active Against the Reds

General Ho Chien, chairman of the Hunan provincial government, has been appointed Commander of the lst Route Army of the Bandit Suppression Forces. He is busy at the front, according to latest advices, and is doing his best to drive the Reds out of his province. Changteh is his headquarters. The Reds, however, still hold most of the territory west of the Yuan River, although they are evacuating some of the hsiens north of Changteh. The Generalissimo has given strict orders for the early completion of the Hunan-Kweichow Motor Highway, so as to facilitate movement of troops. While the picture still is dark and the Reds still have too large grazing grounds, the determination of the General Chiang Kai-shek will mean much, provided he is able to get the various factions to cooperate and coordinate their efforts in a simultaneous anti-red campaign. The recent efforts to improve the quality and morale of the government troops should be of great value in this gigantic struggle.

The latest development is a conference between General Ho Chien and General Hsu Yuen-chuen, commander of the Szechwan, Hupeh, Hunan, Border Bandit Suppression forces, at Lichow, in northern Hunan. After this conference General Hsu will proceed to Szechwan to report to Gen. Chiang Kai-shek.

Hankow March 4, 1935.

Personnel of Economic Mission Is Announced

The American Economic Mission, headed by Cameron Forbes, due in China next month, includes the following members:—Eugene P. Thomas, President of the National Foreign Trade Council, and former President of the U.S. Steel Corporation, who will act as vice-chairman of the mission; J. Harold Dollar, vice President of the Dollar Steamship Company; James A. Thomas, Director of the China Society of America; Leighton W. Thomas, President of the Aeronautical Chamber of Commerce of America, Inc.; Frederick B. Field, the Institute of Pacific Relations; George Frederick Higgins, the National Federation of Textiles; Mr. Tinkham, the Chicago Board of Trade; Walter F. Dillingham, businessman Honolulu; Prof. C. F. Remer, of the University of Michigan. In addition to the above members, several businessmen representing the Chamber of Commerce in San Fransisco, Los Angeles and Portland are expected to join the group, according to the report.

Gen. Chiang Kai-shek Says China Will Be Free of Opium in Six Years

Gen. Chiang Kai-shek, in the course of an address at Hankow, Mar. 1 on opium suppression, asserted that the six-year plan of the Provisional Headquarters at Nanchang remains the only feasible and effective method for the complete eradication of the evil. In the one year since its enforcement, heartening results had been achieved in the provinces of Honan, Hupeh, and Anhwei. In Kiangsi and Chekiang no signs of the opium poppy are now seen. In Kiangsu also, active efforts have been made, particularly against opium-smoking. In the next five years, he said, efforts must be redoubled, with a view to securing nation-wide results and bringing about the total suppression of the sale, transportation, manufacture, and smoking of opium throughout the country.

Tientsin Police Raid Narcotic Dens

Two narcotic drug manufacturing dens in the Japanese and British Concessions in Tientsin were raided Feb. 27, resulting in the seizure of a large quantity of drug-making equipment and the arrest of a number of suspects.

Two Shanghai Frenchmen Sentenced for Dealing in Heroin

Two French citizens, Estublier and Lespinasse, who were implicated by Dr. Barth, a German, in a heroin case, were sentenced in the French Consular Court in Shanghai last week, the former being sentenced to one year's imprisonment and fined Fr. 3,000 and the latter to three months' imprisonment. The sentence on Lespinasse was suspended for five years. It was intimated that Estublier would appeal against his sentence.

Spanish Dominican Priest Released by Reds

Reports reaching Shanghai this week related that the Rev. Father Cipriano Bravo, a Spanish Dominican, had been released by the Reds after over a year's imprisonment. He is now reported to be safe in Sing Fung Catholic Mission in Kiangsi. It was in February, 1934, that word first was received of Father Bravo's capture by Reds in Fukien. Bishop Aguirre wrote that negotiations were in progress between the Dominicans and the Reds. News came from the German Dominican Fathers in Tsingtao that they would assist financially, if the priest's release could be accomplished. Finally, the Bishop arranged for an intermediary to take $6,000 to the Reds. It is stated that the representatively, whom we the $6,000 was sent, was killed after being relieved of the money. The next communication from the Bishop carried an account of Father Bravo's own letter, written on June 7, 1934, and containing the last news received concerning him since that date. The priest wrote asking that no further money be sent to the Reds on his behalf, and expressing his belief that, since they would not release him that way, he must commit himself to Providence.

Murderous Attack on Capt. Evans Jones at Yunnanfu

Capt. Evans Jones, the China representative of the de Havilland Aircraft Co., Ltd , while staying with a British resident at Yunnanfu was attacked on the night of January 13; he was stabbed through the cheek and sustained a bad cut on his left hand. The assailant escaped and, as far as is known, has not yet been apprehended. The injuries sustained by Capt. Jones are described as being fairly serious, but not of a dangerous nature.

Clerks Who Embezzled Banks Funds Sentenced in Chinese Court

Judge Dzien in the First Special District Court March 5 sentenced three clerks of the Agricultural and Industrial Bank of China, who had misappropriated $42,305 from the bank from September to February 11, to 18 months' imprisonment and fined them $900 apiece with the alternative of serving another 300 days imprisonment. The fourth clerk of the bank, who was found guilty of having participated with the others in misappropriating $12,405 was ordered to be confined at the Ward Road Jail for one year and fined $600 with the alternative of serving one day imprisonment for every $3. The two sing-song girls who had run away with Hwa Chung-chu, 22, alleged leader of the clerks, to Hongkong on February 13, after Hwa with two others had misappropriated $30,000, were acquitted.

Ex-Government Official Extradited from Shanghai

Chow Ya-nan, aged 46, who was formerly an official of the Kiangsu Provincial Government, was placed under arrest by officers of Chengtu Road Police Station near Weihaiwei Road March 2 at the request of a representative from the provincial authorities. Brought before the First Special District Court the representative of the provincial authorities alleged that Chow was wanted for trial for alleged embezzlement of more than $20,000 belonging to the provincial treasury during his tenure of office. After being questioned by the Court, Chow was ordered to be handed over to the Provincial Government for trial at the application of its representative.

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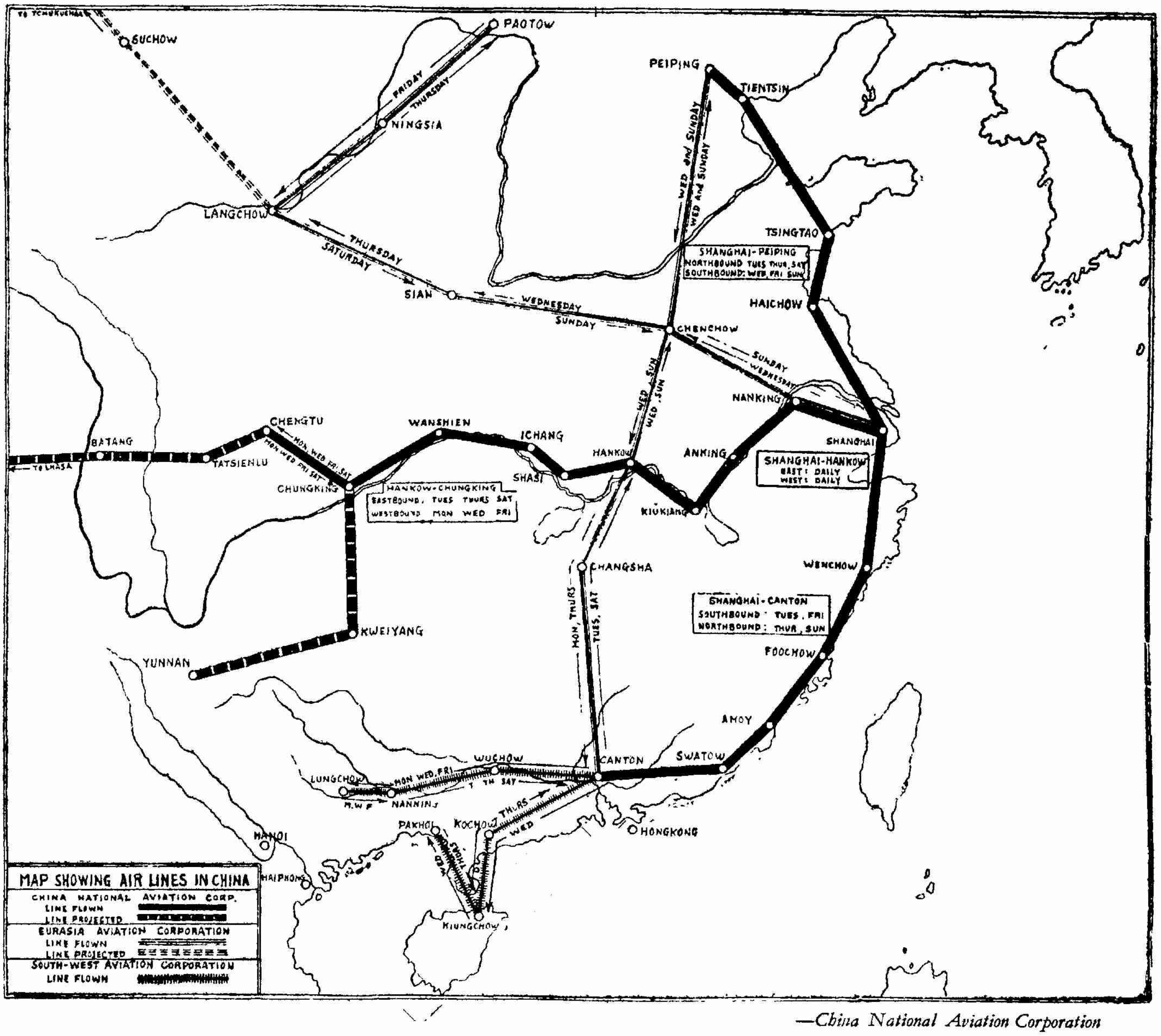
UP-TO-DATE MAP SHOWING AIRLINES OPERATING IN CHINA


TO TCHUKUCHAK
SUCHOW
PAOTOW
FRIDAY
THURSDAY
NINGSIA
LANGCHOW
THURSDAY
SATURDAY
SIAN
WEDNESDAY
SUNDAY
PEIPING
TIENTSIN
WED and SUNDAY
WED and SUNDAY
TSINGTAO
SHANGHAI-PEIPING
NORTHBOUND TUES THUR, SAT
SOUTHBOUND: WED, FRI SUN
HAICHOW
CHENCHOW
SUNDAY
WEDNESDAY
WED, SUN
WED, SUN
NANKING
SHANGHAI
SHANGHAI-HANKOW
EAST: DAILY
WEST: DAILY
CHENGTU
MON, WED FRI, SAT
MON WED FRI SAT
BATANG
TATSIENLU
TO LHASA
CHUNGKING
WANSHIEN
ICHANG
SHASI
HANKOW
ANKING
KIUKIANG
HANKOW-CHUNGKING
EASTBOUND, TUES THURS SAT
WESTBOUND MON WED FRI
CHANGSHA
MON, THURS
TUES, SAT
WENCHOW
SHANGHAI-CANTON
SOUTHBOUND: TUES, FRI
NORTHBOUND: THUR, SUN
FOOCHOW
AMOY
KWEIYANG
YUNNAN
LUNGCHOW
MON WED FRI
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NANNING
WUCHOW
CANTON
SWATOW
HONGKONG
PAKHOI
KOCHOW
THURS
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KIUNGCHOW
HANOI
HAIPHONG
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LINE PROJECTED
SOUTH-WEST AVIATION CORPORATION
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—*China National Aviation Corporation*

Opening of New Air Route Between Hsikang and Tibet Planned

To develop communications in western China and the border districts, the Ministry of Communications is contemplating the opening of a new air route between Hsikang and Tibet. Plans for the operation of the line are said to have been drafted by the China National Aviation Corporation and are now under consideration by authorities of the Ministry. As a preliminary step towards the inauguration of the line, test flights will first be made between Chengtu, provincial Capital of Szechuan and Pa-an in Hsikang with stops en route at Yachow, Tatsienlu, Hokow and Litang.

Eurasia Service in Sinkiang to Be Extended

The section from Hami to Tacheng on the Sinkiang-Soviet border of the Eurasia airmail, which is to be operated by the provincial authorities of Sinkiang, will be inaugurated on March 15 when the Eurasia Aviation Corporation will also extend its service to Hami.

China Signs Air Pact With Pan-American for Canton-Manila Route

Gen. Liu Poo-chuan, managing director of the Southwest Aviation Corporation, in a statement issued at Manila Mar. 1 announced that the China National Aviation Co., had reached an agreement with the Pan-American Airways Corporation for the operation of the Canton-Manila section of the trans-Pacific service.

The Pan-American Airways Feb. 27 made formal application to the U.S. Navy Department for permission to use the Guam, Midway and Wake Islands in connection with its proposed San Francisco-Canton air mail and passenger service. The first flight will be made this spring.

Ford Tri-Motored Plane to Be Used in Yunnan Service

A Ford tri-motored airplane, first of its type to be purchased by China National Aviation Corporation and the only three-engined plane to go into regular service on any China airline arrived in Shanghai last week. It will be used in tne weekly serivce to Yunnan by way of Kweiyang, Kweichow. The only other Ford tri-motor now in active service in China is that used by General Chiang Kai-shek.

Japanese House of Peers Discusses Aviation

Expansion of civil aviation for the purpose of preparing adequate cadres of military aviators was urged in the Japanese House of Peers Feb. 26 by Baron Michitomo Iwakura. Mr. Tokonami, Minister of Communications, in reply acknowledged the slow progress of the nation's civil aviation, but pleaded lack of sufficient funds.

Special Box to Collect Late Air Mails at Shanghai Post Office

The Shanghai Postal Commissioner has ordered a special letter box for fully prepaid ordinary air mail letters to be placed outside the main entrance of the Head Post Office building at Shanghai to receive such airmail.

"Lawrence of Arabia" Leaves Britain's Air Force

Col. T. E. Lawrence, the officer celebrated for his activities in Arabia at the end of the World War, left the British Air Force Mar. 2 where he enlisted as Aircraftsman Show. He subsequently left Ridlington, Yorkshire, on a bicycle for an unknown destination.

Who's Who in China

李 振 南

Li Chen-nan

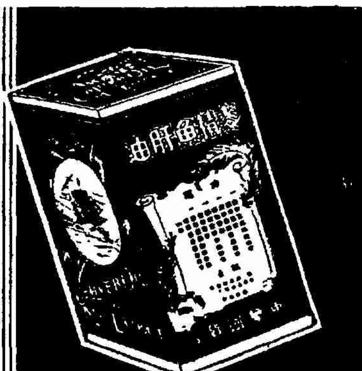
Li Chen-nan, economist and banker; born in Paoking, Hunan, 1898; received B. A. from the College of Yale-in-China, Changsha, 1921; taught at Yale-in-China; 1921-24; went to U. S. A. in 1924; received M. A. from Yale University, 1926 and Ph.D. from the same institution, 1927; winner of a Sterling fellowship and the first prize of an essay contest on personal observations of industrial relations at the Ford plants; in 1929, served as statistician on the economic research staff of General Motors Corporation, Detroit, Michigan U. S. A; in 1930 joined the Standard Statistics Company in New York City, and from 1930 to 1934 was director of the Division of Economic Studies of the Company's Research Department; returned to China in December, 1934 and upon his arrival in Shanghai, joined the Bank of China as assistant to the General Manager and associate director of the Research Department; author of two text books entitled "The Essentials of English Grammar Taught by the Inductive Method" and "Sentence Analysis and Diagram," (published in 1924 by the Commercial Press) and of many articles on economic and financial subjects appearing in Standard's publications; his latest contribution to the literature of economic measurements is entitled "The Summation Method in Fitting Parabolic Curves and Calculating Linear and Curvilinear Correlation Co-efficients on a Scater-Diagram," published by the *Journal of American Statistical Association*, December, 1934; address: Bank of China, 50 Hankow Road, Shanghai.

李振南，字康方，湖南寶慶人 • 生於民國紀元前十三年。民國十年畢業於長沙雅禮大學 。 十年至十三年任雅禮教員 ， 著有歸納法英文文法要略及英文句語分析與圖解二書 ， 均商務印書館出版。十三年入美國耶魯大學研究院，十五年授碩士學位 ， 十六年授博士學位 。 十八年任美國通用汽車公司經濟研究部統計科主任 。 十九年至二十三年任美國紐約標準統計公司研究部經濟科主任 ， 關於經濟及金融學之著作多篇 ， 散見於美國紐約標準統計公司各種刊物 。 最近關於統計學之貢獻有積分法之曲線巧成及曲線互聯之算法一篇， （美國統計學會季刊 ， 十二， 一九三四） 。 李君於二十三年十二月返國，現任中國銀行總管理處經濟研究室副主任。

Ministry Invokes Still More Stringent Censorship Rules

A stringent censorship of all telegrams, outgoing or incoming, or domestic, has been provided for in the new regulations just issued by the Ministry of Communications. By these regulations censors are to be posted to every telegraph or radio office in important cities, and all telegrams or cables, whether in code or in plain languages are subject to their examination. A system of guarantees by Consular authorities in the case of foreign users of the telegraph has been provided for in the regulations.

It is provided that in the case of commercial telegrams in cipher code sent by foreigners, either to places within the country or abroad, such messages can be sent if the local consular authorities of the addressers have previously filed a letter assuming full responsibility, otherwise the local consular authorities of the addressers will have to stamp the copy of the message with a seal to guarantee it. It necessary, a copy of the cipher code will still have to be surrendered for examination. The addressers will be sent a weekly list of their telegrams detained or part of which have been cut, but the censors and all employees of the telegraph or radio offices concerned must keep such matters secret.



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Men and Events

Colonel John C. Beaument, commanding officer of the U. S. Fourth Marines, and Captain W. P. Kelly are visting in Peiping this week.

Roy G. Allman, member of the law firm of Allman and Company, returned to Shanghai from Manila March 4 accompanied by his wife.

The Chungking branch of the Central Bank of China is scheduled to be inaugurated on March 15 with Yang Hsiao-po as general manager.

General Ho Yao-tsu, the first Chinese Minister to Turkey, is scheduled to leave for his post in Angora on by the s. s. *Conte Rosso*, March 12.

Eugene A. Turner, secretary of the Chinese Y. M. C. A. at Nanchang, who spent several days in Shanghai last week, has returned to Nanchang.

The National City Bank in Shanghai announces that commencing March 25, savings accounts in U. S. currency will draw interest at the rate of one percent per annum.

H. V. Cooke, Vice-Consul at the U. S. Consulate-General in Shanghai, departed last week on home leave to the United States, traveling by way of the Trans-Siberian railway and Europe.

Chu Shih-chuan, the new Chinese Consul-General at Havana and concurrently Charge d'Affaires of the Chinese Legation in Cuba, will leave for his post March 16 by the s.s. *President Wilson.*

H. C. Argersinger, who has been secretary of the American Club in Shanghai, has just been appointed manager of the Club, while J. W. Reese, who has been acting secretary has been appointed secretary.

The death occurred at Santa Rosa, Calif., Feb. 26 of John Tyler Campbell, at the age of 94. Mr. Campbell was United States Consul-General for China during both of President Cleveland's administrations.

Sixty couples have registered with the Social Affairs Bureau of the Municipality of Greater Shanghai, as participants in the first "mass wedding" which is to be held at the new Civic Centre at Kiangwan shortly.

Madame Solange Siguret, soloist at the Municipal orchestra concert in Shanghai last Sunday, is the wife of Y. Siguret, attache of the French Consulate-General at Shanghai, who, until recently was stationed at Yunnan.

Dr. H. F. MacNair delivered an address on "The Cruise of the Caroline, Canton to the N. W. Coast of America and return, January to September 1799" before the North China Branch of the Royal Asiatic Society in Shanghai March 7.

Cheng I-min, a graduate of the Peiyang Engineering College, has donated a house to the College in memory of his father. The proceeds from the sale of the house, valued at $6,000, will be used to create a scholarship in Engineering and Metallurgy.

The Ministry of Interior in a petition to the Executive Yuan has recommended that an annual subsidy of $100,000 each be granted to the Chinese Red Cross Society and the China International Famine Relief Commission, as from the 24th Year of the Republic (1935).

Peter Fleming, of the London *Times,* who is on his way to Kokonor, and Miss Maillard of Geneva, representing the Museum of Ethnography in Paris and *Le Petit Parisien,* recently passed through Sian. They were received by Gen. Shao Li-tzu, the Provincial Chairman.

Dr. Huang Po-tsiau, managing director of the Nanking-Shanghai and Shanghai-Hangchow-Ningpo Railways Administration, who left China sometime time ago for Europe and America to inspect railway management in various countries, is expected to return to Shanghai on March 20.

President Wang Ching-wei, concurrently member of the Standing Committee of the National Economic Council, gave a dinner at Nanking Feb. 21 in honor of Robert Haas, the new liaison officer for technical cooperation between the League of Nations and China, and Madame Haas.

Rear-Admiral William H. Allen, at present commandant of the Navy Yard at Cavite, has been appointed commander of the Yangtsze Patrol. Rear-Admiral Allen succeeds in the Yangtsze command Rear-Admiral John D. Wainwright, who is appointed a member of the Board of Inspection and Survey.

Owen Lattimore, editor of *Pacific Affairs* and leading authority on the history and culture of Manchuria and Mongolia, delivered an address before the Pan-Pacific Association of Shanghai at the Metropole Hotel, March 6 on "The Importance of the Frontier Regions of China" L. T. Chen presided.

H. G. Danielson of Chicago, representative of the J. O. Ross Engineering Corporation of New York, arrived in Shanghai last week and will spend several days here on business prior to returning to America. Danielson has been in Vladivostok for several weeks helping in the installation of machinery in a large Soviet crab-canning factory.

"The Four Hundred Million," is the title of a new book on China by Mary A. Nourse, which will be published shortly by the Bobbs-Merrill Company. Miss Nourse is a sister of Alice Tusdale Hobart, author of "Oil for the Lamps of China," and other books.

Final plans for the Annual Business Girls' Banquet, an international affair, to be held simultaneously in cities all over the world, were discussed at a tiffin meeting of the Shanghai branch of the International Business Girls' Council. The meeting was held at the Foreign Y.W.C.A., Miss Lucy Dalder, the acting Chairman, presiding.

Peter Wang and Miss Tsien Wei-tseu were married at the Chinese Y.M.C.A. in the French Concession March 31. Mr. Wang is on the staff of the aviation department at Nanchang. His bride is the sister of Tsien Chong-tsar, department head of the aviation bureau at Nanchang, and Tsien Chong-chao, Vice-Minister of Education in Nanking.

John J. Muccio, formerly Consul in charge of the administrative office of the American Consulate-General at Shanghai, has been appointed Consul at La Paz, Bolivia, according to word received in Shanghai last week. Charles S. Reed, formerly Consul at Yunnan, who was transferred to Shanghai several weeks ago, has assumed the duties of administrative officer here.

H. B. Howard, special agent of the U. S. Department of Commerce, arrived in Shanghai last week and will be stationed here at the office of the U. S. Commercial Attache in the Dollar Building. Mr. Howard, for the past eleven years has been connected with the Paramount Film Corporation as writer and editor. His work here will be concerned with the moving picture industry.

Yu Fei-peng, Vice-Minister of Communications, who had been heading the Military Communications Investigation Mission abroad, arrived in Shanghai this week from America by the *s.s. President Wilson.* Gen. Hsu Ting-yao, Commander of the 17th Army, who heads the military investigation group of the Mission, is also on his way back to China and is expected to reach Shanghai in the middle of March.

The criminal charge brought against Vladimer Heger of stealing two diamond rings from the wife of F. Heisler was dismissed in the First Special District Court, as Mrs. Heister refused to give evidence, stating that she merely wished to have her rings returned. She was advised to start a civil action. The criminal action against Heger for the theft of $9,370 worth of gold and coins is being continued, the complainant being Mr. Heister.

The Royal Asiatic Society announces a series of Museum Talks for small groups, including children and adults. For the present series each talk will be at 4.30 p.m. The following program is announced: Wednesday, March 13: *Mammals in the Museum*—A. de C. Sowerby Esq., (Director.); Wednesday, March 20: *Chinese Coins*—H. E. Gibson Esq., (Hon. Keeper of Archaeology.); Wednesday, March 27: *Some Chinese Birds*—E. S. Wilkinson Esq., (Hon. Keeper of Ornithology.)

A. W. Beaumont, once editor and publisher and now president and managing director of the *Shanghai Spectator*, Inc., was sentenced to a further term of 51 days' imprisonment and was fined 100 Belgian francs as well as being ordered to pay damages of M$1 and Belgian francs 50 in the Belgian Consular Court last week upon being found guilty on two charges of defamation of character and slander brought against him by two Spanish citizens, T. Jauresui, an official of the Auditorium and J. Llado. The sentences are suspended pending appeals to Brussels.

⁂

French Sergeant Shoots British Sailor in Cabaret Row

A. B. Kirkland, a sailor in the British warship *Grimsby* was shot in the head by Sergeant Fernand Ponsard of the French Colonial Infantry early on Sunday morning outside the Crystal Cafe in the French Concession. The bullet was extracted and Kirkland is stated to be out of danger. The shot followed a dispute concerning a dancing partner. The French sergeant stated that he did not intend to shoot Kirkland; he merely hit him over the head with his revolver and it went off by accident.

Dancing Partner Dies of Injuries

Thomas King, who stated that he is the manager of the Casanova, in Avenue Edward VII, together with a Chinese woman, later found to be a professional dancing partner, were driven by a chauffeur to the French Central Police Station early last Saturday morning, both being found in an unconscious condition. The woman had a fractured skull as the result of a fall. She died shortly afterwards in St. Marie's Hospital. Both had been drinking heavily.

Woman Jumps from Fourteenth Story of Hotel

Mrs. Yu An-fu, aged thirty, committed suicide by jumping from the fourteenth story of the Park Hotel in Shanghai March 4. Arriving at the hotel at about 11.45 a.m., the woman ascended by an elevator to the dining saloon on the fourteenth floor and asked to have luncheon served. She made the jump a few minutes later when the waiter was absent.

French Concession Police Raid Two Gambling Establishments

In the course of a night raid, the French Concession police March 4 seized gambling equipment and arrested the proprietors of two gambling establishments situated at No. 17 Sai Tching Li, Rue Porte de l'Ouest, and No. 588 Route de Zikawei, Shanghai.

Gambling Houses Banned in the French Concession

The French Police made a statement end of last week that, owing to persistent rumors in circulation to the effect that certain people are to be allowed to open gambling-houses in the French Concession a reminder is given to all that no change has been made in the present situation and that the French authorities will observe, as in the past, the strict application of the Municipal regulations now in force.

France Bans Foreign Lotteries

The sale of tickets for all foreign sweepstakes and lotteries has been forbidden in all parts of France by a decision of the Cabinet in Paris Feb. 24. The new restriction is aimed chiefly at the Luxembourg sweepstake, the increasing popularity of which was beginning very much to affect the sales of the French National Lottery tickets.

Tickets for Eleventh State Lottery Now on Sale

The tenth drawing of the State Lottery took place at the Canidrome in Shanghai March 1. The first prize went to Foochow. Chang Shou-yung, former vice-Minister of Finance and a member of the lottery commission, announces that the nine issues have enriched the Government treasury with a net profit of about $3,400,000. The profit from the Tenth Lottery is unknown. Tickets for the eleventh lottery are now being sold.

Women's Day Observed in Shanghai and Peiping

International Woman's Day was celebrated in Shanghai March 5 by the Women's League of China, with a special program, tiffin, and issue of a special magazine at the Chinese Y.M.C.A. in the French Concession.

The Peiping Chinese Women's Club also celebrated International Women's Day with a meeting be held at the Y.W.C.A.

C. E. Gauss Goes to Paris---Not Berlin

The announcement made last week that Clarence E. Gauss, Counsellor of the U. S. Legation in Peiping, had been transferred to Berlin, has since proved to be erroueous. The new post to which Mr. Gauss has been assigned is Paris, where he will be Counsellor of the Embassy and Cousul-General.

General Von Seeckt's Contract Is Not Renewed

Gen. Hans von Seeckt, German military expert, is leaving China on March 19, for home, after a year's service as chief military adviser to Gen. Chiang Kai-shek. Gen. von Seeckt succeeded Gen. Wetzel in said post.

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The Soochow hills have been visited by several generations of Shanghailanders but few of those who have tramped through the wooded glades know the wealth of legend and historic lore which have enriched the hills for much more than 3000 years. Some of the most interesting characters in Chinese history have lived in the hills and have left mementoes of their lives behind them. Do you know:

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The tragic story of the wife who divorced her husband of his poverty?

The mystery of the disappearance of China's most famous bell?

Where the Soochow plague was buried?

Why the creek at Mutu is called "fragrant"?

The story of the virtuous prostitute.

These are only a few of the many interesting stories about the hills as told in the December issue of Shanghai's most interesting magazine "China Highway." A complete and accurate map of the hills is published in colors.

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Some Notes on Shanghai's Water Service

AN account was given in *The Review* a year ago of the method of charging for water by the four undertakings supplying Greater Shanghai and of the reasons leading to the adoption of sale by measurement on the part of The Shanghai Waterworks Co., Ltd., the oldest of the four undertakings and the company responsible for the supply of the International Settlement.

The sale of water by measurement, *i.e.*, by meter, was sanctioned by the Shanghai Municipal Council, the necessary meters were installed in the very short period of thirteen months and the new system of charging has now been thoroughly tried out and justified.

The community is now using for domestic purposes approximately 30% less than it did previously and, even assuming that waste did not increase, they have saved the not mean sum of $500,000 during the past year; needless to say, if the steady increase in waste had continued the amount saved would have been larger still.

The new method of charging has proved not only economical but has been accepted by all classes of consumers, largely due to the adoption of a scale of charges whereby consumers of low-earning power are required to pay about a fifth of that paid by the well-to-do for the same quantity.

An objection put forward by the opponents of metering is that economy may lead to insanitation and be injurious to health; this has again been proved in Shanghai to be a fallacy and all classes of consumers have used more than the very generous allowance laid down as the desirable minimum.

To assist consumers to realise that it was in their own interest to avoid waste and misuse of water, the Shanghai Waterworks Co. have issued posters and also prepared a moving picture film explaining the methods adopted in rendering the water of the Huangpu fit for human consumption, showing how it is conveyed and illustrating how waste occurred and the ill effects of such waste; the film, which was accompanied by a lecture, was shown in the cheaper cinemas and on vacant lots in order that the poorer citizens could be made to realize why wastage should be avoided.

Owing to the reduction in the demand the Company has been able to curtail its program for the construction of new works for practically two years; the steady development of the port, the increasing demand for industrial purposes and the increasing use of baths and other sanitary appliances has, however, resulted in the increased legitimate use of water for which new plant is required.

At the present moment the Company has under construction new filtration plant, and is installing an additional large pumping unit to meet any increase in demand and to provide that margin of safety so necessary where the supply of such an essential commodity as water is concerned.

It is not always realised that a consumer expects a supply of water in any quantity at any time and will not brook any delay as he would in the supply of his rice or bread, and also that there is no alternative to water as there is to every other commodity or service. A water undertaking has, therefore, to be ready to supply an unknown quantity for domestic and industrial purposes and a fire call at any moment.

Last year in England a serious shortage of water occurred in many cities and localities, and neighboring ports have from time to time experienced the inconveniences and hardships of a shortage. In Shanghai the public has at all times obtained a continuous supply of water of the highest quality at adequate pressure, and this supply has been afforded, notwithstanding the considerable purification which is required, at a cost considerably below that of the average city.

Italian Ambassador Explains Fascism in Nanking Speech

The Italian Ambassador, Signor V. Lojacono, at the invitation of the Foreign Relations Committee of the Legislative Yuan, delivered an address to members of the Yuan in Nanking March 5, on the spirit and achievements of the Fascist Movement in Italy. This is the first instance of a foreign diplomatic representative being invited to a meeting of a Committee of the Legislative Yuan.

Fascism, he said, has hastened to proclaim the paramount authority of the central power, repudiating all liberal theories and installing a Government strong and having a clear vision of its finalities. Moreover, Fascism has affirmed the total subordination of individual interests to the interests of the State; has eliminated the class antagonism by enforcing the principle of collaboration between the elements of production, etc. The Ambassador concluded by saying that he saw a similar heroic spirit to that of the Fascists permeating the new life of the Republic of China.

Recent American Consular Changes

T. Leonard Lilliestrom, who for several years has been Vice-Consul in Harbin, is shortly to be transferred to Glasgow, Scotland.

H. Merrell Benninghoff, who has for some time been Consul at Mukden, has been transferred to Harbin as Consul.

Lewis Clark, of the American Legation, Peiping, has been promoted from Third to Second Secretary of Legation.

Dr. Arther N. Holcombe Speaks on American Attitude Towards War

Dr. Arther N. Holcombe, chairman of the department of political science, Harvard University, delivered a lecture at the Central University in Nanking recently on "The American Attitude Towards War." He said that in a way Americans would doubtless admit, as Europeans contend, that historical facts have shown that the United States is fond of war. Five instances were cited by Dr. Holcombe to prove his contention. These include the five wars fought between the United States and other countries during its 150 years of history, the American armed intervention in the South American continent, the Monroe Doctrine, the expansion of the American Navy, and the non-participation of the United States in the League of Nations and the Hague Court of International Justice.

However, America has many moves towards peace to its credit, Dr. Holcombe pointed out. Among the items cited were that the United States was the first country to advocate the policy of arbitration as a means of settling international disputes, and maintaining international accord. The Jay-Treaty concluded by Washington and London in 1794 established an unprecedented record in the conclusion of arbitrary agreements, in the world's history. The numerous treaties of arbitration negotiated by Elihu Root and William Jennings Bryan, Secretaries of States under Presidents Theodore Roosevelt and Woodrow Wilson, respectively, were also cited. America's participation in the last World War was without selfish motives, he said.

China Sides with United States on Armament Control

Speaking at Geneva, Feb. 26 before the Disarmament Conference's Committee discussing the problem of regulation of arms manufacture and trade, Tang Che, representative of the Chinese government, announced his country's adhesion to the American plan of a limited convention for control of armaments fabrication and sales. The plan was likewise approved by the representatives of France, U.S.S.R., Czechoslovakia and Spain, while the British delegate opposed the American project.

Italy Continues Sending Troops to Somaliland

Despite conciliatory messages from the Emperor of Abyssinia, it was reported in Rome, Feb. 28 that the Abyssinians have amassed more than 90,000 troops along the border of Italian Somaliland and have placed big airplane orders in Germany. Italy's answer was to dispatch more troops to Somaliland and to make further preparations for a major campaign if the diplomatic dispute develops into armed conflict.

Sino-Burmese Frontier Negotiations Reach Deadlock

Negotiations conducted at Bombay last month between India and China for delimitation of the Indo-Burmese frontier have come to a deadlock and as a result the matter will be brought before the League of Nations.

British Propose Naval Compromise of 5-4-4

A recent London message stated that Japan will request Great Britain and the United States to participate in tri-partite naval parleys next October for the purpose of announcing the naval programs of the three respective powers. At the same time, according to these reports, Japan will suggest that each of the three powers concerned abstain from any new constructions during the latter part of 1935 and throughout 1936. It is stated that British naval authorities are considering a plan of compromise between the Anglo-Saxon and Japanese naval theses. Briefly, the plan is this: Japan, having constructed a greater number of units under the limits permitted by the Washington Treaty than either Great Britain or the United States, the proposed system would allow for the ratio at the end of 1936 between the British, American and Japanese fleets of 5-5-4 instead of the former 5-5-3 proportion specified by the Washington Treaty—which Japan abrogated last December.

Press reports from London indicating that Great Britain would welcome Japan's proposal to declare "a naval holiday" until 1938 were termed a "trial balloon" by Admiral Mineo Osumi, Navy Minister, in the Tokyo House of Representatives March 1.

Huge Increase in British Army and Air Forces

The British Army Estimates, published March 4 amount to £43,550,000 and are £3,950,000 higher than last year.

The Air Estimates provide for an addition of 410 squadrons to the Royal Air Force by the end of 1938. The Estimates provide for an additional expediture of £3,089,000, bringing the net total of £20,650,000, although the gross total is £23,851,000, an increase of £3,685,000 over the 1934 figures. The government's four-year program will bring the total of its first-line strength to 1,330 aircraft. In addition, there will be 130 aircraft in non-regular squadrons. Eleven new squadrons are to be added to the Home Defence force.

New Books of Interest in the Far East

A Story of the Upper Yangtsze

"Young Fu of the Upper Yangtze," by Elizabeth Foreman Lewis. Philadelphia: The John C. Winston Company.

"Young Fu of hte Upper Yangtsze" is the story of, to make use of an overworked cliche, a little boy who makes good. But as such, the book cannot be dismissed, for in minute detail it delineates the life—the small triumphs, the bits of happiness, the soul-destroying toil, the conflicting desires—of an apprentice to a coppersmith of Chungking.

Here Mrs. Lewis has succeeded, with faithful and painstaking decription, in transcribing five years in the life of Young Fu, a country lad who, with his mother, has gone to the big city to wrest from it the few coppers a month necessary to exist. Leaving the ancestral farm behind upon the death of Young Fu's father, Fu Be Be had resorted to the audacious move, finding that tilling the soil "in these troubled times offered a secure living to no man."

Far from leading a dull life as the apprentice of Tang, the coppersmith, Young Fu suffers a frightening experience during an encounter with bandits who periodically swarm the streets of Chungking. He learns to read and write the difficult characters from an impoverished old scholar who inhabits the rooms above the miserable dwelling place of Fu Be Be's choice. He meets a foreign missionary woman, the latter having a salutary effect upon his career. He is exposed to Communists and tricked by the swarm of professional beggars who infest the thoroughfares without the gates of Chungking.

But from each and all, Young Fu, an astute youth, draws a lesson, never, for a moment, losing his determination to succeed at the business of fashioning articles of copper.

Chapter Fourteen bestows upon virtue its adequate compensation when Tang, the childless coppersmith, decides to make Young Fu his son through adoption.

Beautifully illustrated by Kurt Wiese, the book has been awarded the John Newbery Medal as "the most distinguished contribution to American literature for children during 1934."

Children of all nationalities will love Young Fu, while many adults will find him extremely diverting. E.K.

A Brief History of Chinese Music

The Yellow Bell: A brief sketch of the history of Chinese music by Chao-Mei-Pa. Illustrated. Baldwin, Maryland, U.S.A., 1934. 61 pages. $1.25 gold. To be purchased from Miss L. Elliott, Baldwin, Md.

This volume takes its name from the first note fixed in China, the Huangchung, the note from which the whole theory of musical science springs. Legend says that Huang-ti, founder of the Chinese Empire, sent a man Ling-lun to the north of the Kwen-lun mountains in the year 2486 B.C. There he cut a section of bamboo and blew upon it. Not far away were two birds; the first bird, imitating the sound produced by the bamboo pipe sang, six notes. Then the second bird, proceeding from the last sound sang six more notes. Ling-lun cut eleven other bamboos to imitate the sounds of the birds, and thus found the twelve different semi-tones which form the chromatic scale. From this origin Chao-Mei-Pa starts his history and symbolic interpretation of Chinese music. The section which relates all nature to twelve fundamental sounds is indicative of the metaphysics underlying the theory of Chinese music. The more technical portion of the book describes the modulations of the original sounds and the various scales used in Chinese music.

Of more general interest is the discussion of instrumental music, the history of which goes back to the twenty-fourth century B.C. The early Chinese found in nature eight different sources from which they made their instruments: metal, stone, silk, bamboo, calabash, animals, clay and wood. The illustrations of the instruments which accompany the text are very helpful. These instruments are to be seen in the Confucian temples in Peiping and in Chufu. Other sections deal with religious music, popular songs and theatrical music. Selections of each type written out in the western diatonic scale illustrate the points made by the author.

The book ends with six pages of the score of the Chinese opera "The Heavenly Maiden Scattering Flowers." This was put into western notation directly from the singing of Mei Lan Fang by the late Liu Tien Hua. Chinese music does not have definite pitch, but the accompaniment is generally tuned to the key which agrees with the singer. Therefore the music as given here represents the average key in which Mei Lan Fang sings according to the western system.

The writer of this brochure, Chao-Mei-Pa, is a member of the China National Music Committee of the Ministry of Education, and Laureat du Conservatoire Royal de Bruxelles. Recent notices from the United States show an appreciation of his rendering of western classical music as well of his interpretation of Chinese songs. In the brochure under review Mr. Chao expresses the hope that the music exchange between the east and the west will produce a new music for China, using western method and theory as a means of improvement while preserving the national character of Chinese music. F. M. R.

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With reference to Customs Notification of the 1st December, 1931, notifying the enforcement of a set of Government regulations concerning the importation of cigarette paper, the public is hereby notified that in accordance with Government instructions these regulations apply not only to the importation of cigarette paper in rolls, but also to such paper imported in sheets and that, in the event of plain paper in sheets of a type suitable for making cigarettes, i. e. of a slow-burning variety (特種延燒性), being falsely declared on importation to be other than cigarette paper and being uncovered by the necessary bond, it will be confiscated as a clandestine importation of cigarette paper.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 4th March, 1935.

MANCHUKUO—THE WORLD'S GREATEST MILITARY BASE

(*Continued from page 44*)

Kwantung Army built more than fifty airfields, many of which are in conspicuous proximity to the Soviet borders (Manchouli, Hailar, Aigun, Mulin, Lunchingtsun, Ninguta, Mishan, Fuchin etc.). Hsinking, according to Soviet sources, has two airdromes, with 20 sheds, each capable of housing ten planes. The number of planes there in June of 1934 was 180. Harbin airdromes have, according to the same sources, 13 hangars with 120 planes. Harbin has also some underground hangars. Mukden has an airplane assembly plant. Under the aegis of Gen. Koiso, the Society for Aerial Defense, the Nipponese prototype of the Moscow Aviakhim, was organized in Hsinking in Jan., 1934. A somewhat similar organization was inaugurated last month by Gen. Minami in Dairen, to satisfy feminine patriotic cravings.

Japanese "Cossacks" in Manchuria

Space permits only a mention of the numerous colonization schemes, aiming at the settlement of Japanese and Korean soldiers close to Soviet borders, somewhat on the manner of the Cossacks of Tzarist Russia. The latest scheme, backed by the Kwantung Army and drawn by a member of its Special Affairs Section, proposes the establishment of a Yen 50,000,000 concern which would transplant 100,000 Japanese families to the northeastern part of Manchuria within the next ten years. The issue may yet be brought up at the current session of the Diet, when the company's sponsors ask for financial aid. Another recent significant, but little publicized, development was the invitation extended by a minor Manchurian railroad (read the S.M.R.) to 100 Army reserve men to settle along the railway line with their families, with the land and the agricultural implements provided free of charge by the railway.

Manchuria's industrial development is today dominated by such financial mammoths as the Manchuria Petroleum Co., the Collieries Co., the Gold Mining Co., the Electric Light Industry Co., the Dova Automobile Manufacturing Co., the Raw Cotton Co., and the Manchuria Telegraph and Telephone Vo. According to the *Manchuria Daily News*, organ of the S.M.R., the Special Affairs Section is now completing plans for the establishment of direct control over all remaining industries. Evidently, the plans of the Army have frightened the S.M.R. and other capitalist groups, for the *Manchuria Daily News* has lately launched a "program of education", to demonstrate the evils of state socialism, untempered by the civilizing influence of the S.M.R. and kindred organizations. Simultaneously with editorials of such tenor the paper was carrying half-page advertisements, announcing that the "South Manchuria Railway Co. Carries The Light of Civilization Into Manchuria". The conflict between the capitalists and the Army can in the present circumstances have only one conclusion,—victory for the Army. The editorials are thus a swan song for Count Hirotaro Hayashi, the present President of the S.M.R.

Tokyo Reassures Capitalists

Meanwhile, the following dispatch issued by *Rengo* is of interest: "Gen. Hayashi (War Minister) disavowed any intentions of carrying out a program of national socialism or of "extreme control" of industries in Manchuria. 'It is only natural, considering the state of affairs in Manchoukuo, that control should be exercised over some industries. We have no intentions of extending control to others', he said."

Koki Hirota, Foreign Minister, chimed in with a statement on the following day. "In Manchukuo industries of strategic importance are under State control, but others are left open to free exploitation", he said. "Meantime, Manchukuo is enforcing a license system for launching new industrial enterprises. This fact has caused fear about possible rigorous supervision and control by Manchukuo authorities".

"The proposed Japanese-Manchukuo economic commission aims at clarifying all misconceptions and misunderstandings in accordance with provisions of new treaty which is intended to be signed between the two countries".

Mr. Hirota added that the treaty will provide due control over capital and will be clearly worded, enabling intending parties to launch industries with no feeling of insecurity.

Both, the head of the military machine and the Gaimusho chief are obviously trying to correct the ill effects of the Kwantung Army's too rigorous socialization drive. The robber barons of Japan, Mitsui, Mitsubishi, Okura and others, who have invested Yen 481,000,000 in Manchuria from the beginning of the occupation to the end of 1934, need reassurance for the fate of their millions. The Japanese Government, which in the same period spent close to Yen 400,000,000 in military expenses in Manchuria, and is appropriating Yen 160,000,000 in next year's budget to make Manchukuo a "going concern," must give this assurance if it is to retain the support of the moneyed class.

Meanwhile, Generals Koiso, Minami, Nishio, Doihara and the rest of the merry Kwantung Army kameraderie are continuing with their Manchurian experiment. The world will do well to pay it as much attention as it does to the Russian, German and Italian experiments, for when the Kwantung Army completes its work Japan will possess the strongest, the most diversified and the largest military base on the face of the earth. With it Japan can embark on any of its pet schemes.

Nanking, March 3, 1935.

King of Siam Abdicates—May Eventually Reside in Switzerland

King Prajadhipok of Siam officially abdicated March 3, according to an announcement from Cranleigh, Surrey, where he is staying. The King officially handed his abdication to the special delegation sent to London by the Siamese National Assembly. The document of abdication, according to the secretary, set out the conditions which the King made some time ago for a resumption of his throne, based on the establishment of true democratic principles. These principles, he added, included liberty of speech and writing, freedom to hold public meetings by political organizations, the incorporation of an act for safeguarding the Constitution in the criminal code and the trial of political offenders by an ordinary court, an amnesty for political prisoners, the reinstatement of officials dismissed on suspicion of having committed political offenses, and the prohibition of active Army and Navy officers from participating in politics.

The King, reporters were informed, would stay in Cranleigh until June to clear up business, after which he might take up residence abroad, possibly in Switzerland.

It is expected that Prince Ananda Nahidol, the 11-year old nephew of ex-King Prajadhipok, will be proclaimed the next Siamese ruler—with a Council of Regents administering the affairs of the country until he attains his majority.

British Send Protest Concerning Captured C. I. M. Missionary

The British authorities have sent a protest to General Chiang Kai-shek stressing the gravity and importance of securing the release of S. C. Frencham, of the China Inland Mission, who was captured at Ningkiang last week by Communists and urging the Generalissimo to do everything possible in the matter. Latest advices were that Mr. Frencham had been killed. Meanwhile, General Sun Wei-ju, commander of the anti-Red forces in southern Shensi, who was entrusted a few days ago with the task of rescuing Frencham, is making good progress in his drive against the Communists. A despatch from Sian end of last week confirmed the safety of Miss R. V. Thompson and Miss M. A. Artibey, the two American missionaries who escaped from Fenghsien. They are on their way to Fenghsiang, which is some days' journey north of Hanchung.

Cosmetics Cannot Hide A Blemished Skin.

This Australian Girl Cured Her Facial Pimples and Eruptions By Purifying and Enriching Her Blood With

Dr. Williams' Pink Pills

It is sad to see a charming woman trying to conceal skin blemishes under a coating of face cream, powder and rouge. Not only cannot this be successfully done, but also it is more than likely to aggravate the original trouble.

The right way to deal with pimples, acne and skin eruptions generally, is to correct their cause—impure blood—as did Miss K. E. Judd, a young Australian lady residing at 32 Latick Terrace, Paddington, Brisbane.

"A few months ago I had an outbreak of peculiar pimples and abscesses on my face, neck and head," states Miss Judd. "They were similar to boils and very painful, but although discharge came away there was no core. I used to poultice them, but no sooner than one went away, another would break out in another place.

"I was very worried as I had never suffered from any skin trouble before. I was falling away physically, and at night suffered intense pain. Various remedies tried did me no good.

"One day I saw Dr. Williams' Pink Pills recommended as a blood enricher and my mother advised me to try them. After taking these pills for a few days the pimples grew less painful and were easily broken and dispersed, and as I continued with the Pills the whole rash cleared away.

"I have had no blemish of any kind since. All my friends remark how well I look, and I feel again it is good to be alive. I certainly obtained wonderful results from Dr. Williams' Pink Pills."

For all forms of ill-health due to impure watery blood or run-down nerves Dr. Williams' Pink Pills are a specific with a reputation extending over half a century and the whole civilized world. They are obtainable from chemists everywhere.